

UNIVERSITY OF TORONTO



3 1761 01626603 3

ETHIC OF USURY AND INTEREST

W. BLISSARD.



THE ETHIC OF USURY AND INTEREST,
A STUDY IN INORGANIC SOCIALISM.

B6495e

THE ETHIC OF USURY AND INTEREST

A STUDY IN INORGANIC SOCIALISM

BY

William
W. BLISSARD M. A.

Vicar of Seasalter Kent

Author of "The Socialism of Christianity," etc.

"Ever a State flourisheth where wealth
is more equally spread."

FRANCIS BACON.



111251
1915111

LONDON:
SWAN SONNENSCHN & Co.


NEW YORK:
CHARLES SCRIBNER'S SONS
1892.



PRINTED AT NIMEGUEN (HOLLAND)
BY H. C. A. THIEME OF NIMEGUEN (HOLLAND)
AND
TALBOT HOUSE, ARUNDEL STREET,
LONDON, W.C.

C O N T E N T S.

CHAPTER.	PAGE.
I. THE POLITICAL ENFRANCHISEMENT OF USURY . . .	1
II. PROPERTY IN LABOUR AS THE BASIS OF INTEREST. .	16
III. PROPERTY IN UNDERPAID LABOUR AS THE BASIS OF USURY	33
IV. THE ORGANISATION OF LABOUR.	45
V. THE ORGANISATION OF PROPERTY	51
VI. ORGANIC SOCIALISM A NEGATION OF PROPERTY IN LABOUR.	63
VII. THE GERM OF USURY IN USELESSNESS	76
VIII. THE CONFLAGRATION OF THE PROPERTY OF LABOUR .	88
IX. THE LOCUSTS OF LUXURY	94
X. THE STANDARD OF LUXURY A DEPRESSION OF INDUSTRY.	105
XI. THE RENT OF SPECULATION A MEASURE OF USURY .	114
XII. NATURE'S SOCIALISM DEFEATED BY UNLIMITED BEQUEST.	127
XIII. RECAPITULATION OF THE ARGUMENT.	142
XIV. THREE OPIATES OF THE CHRISTIAN CONSCIENCE . . .	150
XV. POLITICAL RESTRAINTS UPON THE INDUCEMENTS AND FACILITIES FOR ACCUMULATION	159
XVI. THE DIFFUSION OF WEALTH DRIES UP THE SOURCES OF USURY	175
XVII. SOME MORAL FACTORS OF THE PROBLEM	188



Digitized by the Internet Archive
in 2007 with funding from
Microsoft Corporation

P R E F A C E.

The abolition of the Usury Laws, which has only been consummated within the last half century, has raised the presumption that Usury itself was then abolished:—in other words, that Capital was, thenceforward, morally entitled to whatever share of the produce of Industry which it could appropriate.

The self-esteem of “Property” promptly took a long stride in advance of even this position, and posed as a benefactor to the working classes by its claim to give them employment, by the simple process of consuming, *i.e.* destroying, under the name of Interest on Capital, or of Rent of Land, as large a portion as possible of the material wealth which industry had produced.

This doctrine, when cast in an extreme form, implies that the existence of a large class of non-productive consumers is at least as beneficial to a Community, as a large class of producers of wealth;—which comes to much the same thing as to affirm, that those who shear sheep in mid-winter are doing them a service.

Hence has arisen the moral toleration of a system which

deletes all distinction between Usury and Interest, by giving Capital a free hand to exact its profits to the uttermost farthing of economic possibility.

The object of the following pages is to enquire, whether the causes of a Usurious element in Interest have not survived the abolition of the legal definition of Usury; also, whether, by touching the springs of economic action, it is not possible, to reduce, if not to eliminate from the profits upon the use of Capital, that excess over a really earned Interest, which moralists have branded with the name of Usury.

W. B.

THE ETHIC OF USURY AND INTEREST.

CHAPTER I.

THE POLITICAL ENFRANCHISEMENT OF USURY.

THERE is one form of contract which has only been freed from legal interference within the last forty years:—the contract as to the terms on which sums of money shall be loaned.

This, though apparently a simple question, has been as strenuously debated as any point of human policy, on lines of Religion and Statecraft. It has been for many centuries the centre of a conflict, in which benevolence, moral duty, the exigencies of commercial enterprise, confusion of economic thought, the doctrines of Philosophers and Canonists, the deliberations of Parliaments and the edicts of Autocrats have striven to find some *modus vivendi*.

When a merchant sells a bale of cloth he expects to achieve a profit beyond the remuneration of his trouble and an insurance against any risk of loss. In other words he looks for a gain from the mere

possession of the goods, or of the money which enabled him to purchase them. Another person may elect to buy a house, a horse, or a boat, with the view of allowing others the use thereof for a specified time, upon payment, under the name of hire, of such a sum as will do more than recompense his trouble and replace the article so lent when it shall be worn out. *He* also expects to make a gain out of his possession of wealth, or the means of purchasing it. There is thus no material difference between the two transactions. In both cases the possession of money brings gain to its proprietor, beyond the due payment of any trouble he may be at in the management of it. In the former case this gain comes in upon a series of similar transactions with different articles, as he buys successive bales of cloth when he has sold its predecessor. In the latter case the gains accrue from a series of similar transactions with the same article, as he lets out his horse, or house, or boat from one time of hiring to another.

Or again he may elect to discontinue the active management of his money, in buying to sell again, or in buying to hire out to a tenant, and may commit his funds to some one else who will see to such work, and then remit to the lender, under the name of Usury,¹ the afore-mentioned gain which

¹ "Usury" is until the close of this chapter used in its original meaning of any profit upon an advance.

attaches to the possession of money when others are less abundantly provided.

It thus appears that though the contract for the loan of money raises obviously the question of usury, it is latent in all trading contracts entered into by persons trading with their own capital. Usury is involved explicitly in the former case, implicitly in the latter. Thus the Persians of whom Herodotus tells us that, in their antipathy to usury, they repudiated all buying and selling, were not by any means inconsistent. The expectation of a profit through the possession of money, enters into average trading contracts, covertly or openly.

In ancient times the loaning of money set up an odious debt-slavery. The fields of wealthy Romans were in a great measure tilled by gangs of adjudicated debtors, who were in a more evil plight than the convicts employed on Portland Harbour. "The private prison with adjudicated debtors working in it, was still the appendage to the Roman money-lender's house, even in the third and fourth centuries of the Christian era."¹ Under the Law of the XII Tables, the creditor might hale the debtor on loan before the magistrate, who would allow thirty days for payment. If in that period the debt was not discharged or a surety found, "the creditor took possession of him and carried him home, where he kept him in chains for

¹ Grote's *History of Greece*, Vol. iii. p. 213, Appendix.

two months.—If the debt was not paid within these two months, the sentence of addiction was pronounced, and the creditor became empowered either to put his debtor to death, or to sell him for a slave, or to keep him at forced work, without any restriction as to the degree of ill-usage which might be inflicted upon him."¹

At Athens (600 years B.C.) similar conditions prevailed. The great body of small freeholders and tenants were deeply in debt. The fields were studded with mortgage pillars engraved with the name of the mortgagee. Many natives had been sold into foreign slavery in discharge of their debts. More were liable to be adjudged slaves to their creditors until they could either pay, or work out, their debt; failing which their younger sons and unmarried daughters might be taken. The mutiny of the oppressed against the wealthy which grew out of these intolerable conditions was quelled by Solon's *Seisactheia*. By this famous Act of Relief previous debts were cancelled, and the power to take the debtor's body in pledge abolished. No futile attempt was made to fix a legal maximum of interest. But the abolition of debt-slavery secured future peace and contentment.

The Roman method of pacifying the discontent which was fomented by the spectacle of debtors in chains was less successful. The Roman Genius

¹ Grote's *History of Greece*, Vol. iii. p. 212, Appendix.

usually wrought most congenially in the Imperative Mood. Sumptuary laws were its not infrequent instrument. The Lex Orchia fixed the number of guests who might be invited: the Lex Fannia limited the cost to ten *asses*, or about the value of one sheep. In a similar spirit the XII Tables embodied in the year 500 B.C., the fatal principle of attempting to fix the price of the use of money on loan, a principle which, together with much more valuable matters, passed into English jurisprudence. Julius Cæsar did indeed afterwards endeavour to make the property of the debtor the main security for the debt. But the *Cessio Bonorum* was hedged in by so many precautions that the impecunious debtor often found himself enslaved in the end. Again, by a legal fiction, known as the *Nexum Obligatio*, "the severe process which legally belonged only to the recovery of the principal money, was extended by the *Nexum* so as to comprehend the interest"¹ This method was also imported into English jurisprudence, so that under colour of non-performance of a specific covenant, judges who could not enforce payment of interest when it was illegal, would give as damages double the interest claimed.² Blackstone also complains of a residuary legacy of this fiction, under which courts of law technically adhering to ancient prece-

¹ Grote's *History of Greece*, p. 212.

² *Encyclopedia Britannica* Vol. xxiv. p. 18.

dents refused to consider the full payment of debt, interest, and costs, as satisfaction of this fictitious bond.¹

Cotemporaneously with these impressions upon English jurisprudence there was a moral influence at work upon opinion, partly derived from Greek Philosophy, partly from the Hebrew denunciations of Usury. Practical Greek men of business cordially acquiesced in Solon's allowance of interest, when the degrading and oppressive security of the debtor's body was prohibited. But Aristotle, confusing between wealth and money by which it was conveniently exchanged, condemned as unnatural the taking of any increase for the loan of money, on the ground that money cannot reproduce its kind. Medieval schoolmen found in the problem a congenial field for the subtleties of casuistry, and discovered that a price might be lawfully taken for the loan of a house, but not for the loan of its value in money.²

Two opposite faults are sometimes observable in the interpretation of Scripture, the one an excessive literalism: the other the evacuation of its meaning by a mystical exposition. Of the latter we have an illustration when St. Thomas Aquinas explains away the recognition of usury in the Parable of the Pounds by expounding it "in a metaphorical and spiritual

¹ *Commentaries*, Vol. iii. p. 435.

² *Principles of Economies*, Prof. Marshall. Vol. 1. p. 628.

sense." The habit of literalism was equally shown when St. Jerome, being asked whether a person who had lent a bushel of corn for seed, which had yielded ten-fold, was not entitled to something more than the return of the seed, replied in the negative, quoting as his authority—"Whatsoever a man soweth that shall he also reap." (*Gal.* vi. 7.)

This bondage to the letter of Scripture was responsible for centuries of conflict between the moral antipathy to usury, and the economic necessities which demanded a supply of Capital which was never forthcoming on philanthropic principles alone, but required a recompense in money. From the Council of Arles (A.D. 314) downward, stringent canons were passed forbidding the Clergy to receive usury on pain of excommunication; and at the great Council of Nicœa (A.D. 325), the penalty of deprivation was added. Later canons somewhat modified this severity, that made at Orleans (A.D. 538) expressly exempting Deacons from the rule.

As regards laymen the discipline was less strict, candidates for ordination not being always questioned on the point, and if so questioned being admitted on a promise of future abstention, coupled with the bestowal of their wealth upon the poor. Gregory of Nyssa draws an important distinction between usury and other offences, such as theft. It is, he says, forbidden, but, unlike theft, allowed to pass unpunished.

With the growth of the temporal power of the Papal See a recrudescence of severity is observable. The Legates of Pope Adrian II. inform him (A.D. 787) that they have prohibited usurers in England. In earlier ages the abstention from usury had been rather a counsel of perfection. In the middle ages taking usury is treated from the point of view of Ecclesiastical discipline.

In personal exhortation a very distinct line is taken. St. Ambrose quotes Cato's saying "*fœnerare est occidere hominem*", and declares appropriately that whilst Christians are eager after their percentages or hundredths Christ's care was to seek and to save the hundredth lost sheep. Commodianus exclaims that the alms of the usurer are unacceptable to God.¹ These sweeping denunciations are, however, partly accounted for by the object lessons of debtors sold into slavery, which had made debts on loans traditionally detestable.

Puritan Divines used even less measured language. John Weemse (A.D. 1636), imbued with totally different ideas from those of Lord Wemyss, applies to interest receivers of his own times the ancient reproach, that their house is the house of the Devil (*domus Satanæ*). One penny per cent. is adjudged as enough to shut out of the kingdom of Heaven.

With all this, circumstances often proved too strong

¹ For many of the above statements cf. *The Dictionary of Christian Antiquities*:—Article on Usury.

for abstract theory. Hallam relates¹ on the authority of Izaak Walton how Bishop Sanderson would on no account accept interest upon his money, but was quite willing to receive seven instalments of £20 a year in return for a loan of £100. Bechmann² states how in establishing a Mont de Piété at Vicenza (A.D. 1450) the authorities under the sanction of Pope Pius II, in order to avoid the reproach of usury declined to demand interest, but admonished borrowers that they should give a remuneration according to their piety and ability.

These principles personal and disciplinary are reflected in English legislation.

So late as Edward VI. an act was passed forbidding the taking of any interest upon money.³ Queen Elizabeth while making forced loans from her subjects, paid no interest, even when, which was not always the case, the principal was repaid.⁴ Consistently enough with this practice an act was passed in 1571 which violently condemned all usury, but permitted ten per cent. interest to be paid.⁵

The thirty-seventh year of Henry VIII. forms, however, the legislative starting point of the new era in

¹ *Middle Ages* Vol. iii. p. 406 n.

² *History of Inventions* Vol. iii. p. 31,

³ Hume's *History of England*, Vol. iii. p. 306.

⁴ *Ib.* Vol. iv. p. 197.

⁵ *Ib.* Vol. iv. p. 218.

which usury instead of being banned is regulated. Hence-forward the price of money was fixed by Act of Parliament. James I. reduced Elizabeth's price from ten to eight per cent. During the usurpation it was farther lowered by two per cent. But on the Restoration, the greater luxury of the times, or the liberality of Parliament raised the price again to the level of the reign of James II.¹

The policy herein adopted was the necessarily futile policy of endeavouring to harmonise two irreconcilables; the economic values of an article of commercial use, and the twinges of partially infirmed consciences. "A distinction was made between moderate and exorbitant interest, and though the casuists did not acquiesce in this legal regulation, yet it satisfied even in superstitious times, the consciences of provident traders."²

With expanding commerce and greater enlightenment these Usury Laws were doomed to go the way of other sumptuary laws. But the leaven of Lord Bacon's doctrine worked very slowly. In the twelfth year of Queen Anne the principle of fixing the legal rate of interest was retained, but the rate itself, was lowered to five per cent. Already the distinction had been abandoned, which had been expressed in laws from the times of Justinian downwards, between mercantile loans,

¹ Blackstone. *Commentaries*, Bk. iv. p. 156.

² Hallam's *Middle Ages*. Vol. iii. p. 406.

and those advanced to "common borrowers," to use Bacon's phrase. Then early in the reign of William IV. a new distinction was imported, recognising the length of the currency of a loan; the Usury Laws being by William IV. c. 98, suspended for the first three months of certain advances. In the second year of the present reign, this time of grace during which free contract was allowed was extended to twelve months, and to loans above £10 in value, with the proviso that advances upon the security of land were still subject to the penalties of the Usury Laws if the legal rate were exceeded.¹

These frequent modifications of the laws are proof of the progress of Jeremy Bentham's arguments as to their impolicy. Nothing perhaps affords a more striking proof of the inertness of the legislative machine, than the fact that it should take so many years for Parliament to be permeated by the doctrine that it is incompetent to perform the functions of an open market in fixing prices of commodities, especially the commodity of money. For not until the seventeenth year of the present reign were all restraints upon the terms of the contract for the loan of land and other securities finally swept away.

This repeal of the Usury Laws is, however, only a confession of the incompetence of the Legislature to draw a specific boundary, or scientific frontier

¹ *English Encyclopedia*. Vol. iii. p. 512.

between extortionate and reasonable interest. It makes no declaration that all rates of interest are morally moderate, or economically reasonable. That question remains where it was.

Throughout all this conflict between moral and legal precept, and economic value, the common sense of mankind has drawn a distinction between Usury and Interest, accounting an exorbitant rate, Usury; and a moderate rate, Interest. John Calvin commenting on the fifteenth Psalm voices this distinction as definitely as is perhaps possible when he says, "The gain which he who lends his money upon interest acquires, without doing injury to any one, is not to be included under the head of unlawful usury." In the following pages the term "Usury" will be confined to the gain which may be conceived of as unlawful because unearned. "Interest" consisting of that profit upon the use of capital, which may be conceived of as being strictly due to its aid.

The Economic Freedom of the last thirty-six years has borne fruits which fill some with alarm, others with horror. In a world enriched by many centuries of discovery and progress, where markets are often overstocked with food and clothing, there are multitudes not incapable or idle, who are unable to procure sufficient food or decent raiment. In a nation remarkable for its professed Christianity there is a large class, to whom inordinate wealth makes the

Christian virtue of self-denial a rare attainment. In yet larger masses the barest decencies of family life are impossible. There is maturing in our midst a degraded nation which is physically, mentally, and morally stunted, and well-nigh outcast from the civilisation, moral and material, which environs it.

At the same time a Labour War is in process in which the two armies of Capital and Labour are federated against one another in enlarging masses, with results to the organisation of Industry that are not yet foreseen.

A condition of the people thus intolerable to Religion, Humanity and Statesmanship demands a remedy, which some find in Charity, some in Emigration, some in Land Nationalisation, some in various forms of Socialism. In other words the policy of *laissez faire* is tacitly abandoned by all social reformers. "Something must be done," is the cry. Unlimited competition during one generation has yielded social results which are heart-rending as well as discreditable. Undeserved misery, simmering discontent, bitter antagonism between classes, the palpable elimination out of multitudes of lives of the decencies, comforts, and hopes which to good men make life worth living—these are symptoms of an economic disease which will not cure itself. They suggest the enquiry whether unlimited competition was the only alternative to the Usury Laws.

The difficulty has been, by what practical method to allow interest, and abate this injury. A fixed rate of lawful interest was an empiric remedy, and failed. The solution of the problem by economic forces which are derived from the self-regarding instincts of human nature has failed more signally. The object of the following pages is to enquire how far Civil Law by touching the springs of economic action may restrain the lawful Interest which commerce requires and justifies, from drifting into the unearned Usury which the historical conscience has always detested, as being gained out of the sacrifice of human victims on the altar of Competitive Covetousness.

Such legal interference is an admitted principle of legislation. The only questions which can arise are as to its extent and its aims. In unreformed Parliaments no scruples were ever shown as to interfering with economic laws so as to benefit the legislators. Wages were fixed by Act of Parliament. The importation of Irish cattle was prohibited for the benefit of English landowners, just as the importation of foreign corn was handicapped by a duty.

The doctrine of *laissez faire* inaugurated later was not so much a policy, as an interregnum between two policies. It succeeded a system of violent interference of the Civil Law against economic forces. It should precede a system of directing these forces into channels of social usefulness.

In the Factory Acts the principle of interference is admitted on the ground that women and children need protection. This opens a door wide enough to let in much larger measures. For under the capitalistic system vast numbers of adult men are weak in relation to the powers of capital. Already the idea is gaining ground as to the propriety of shortening the hours of labour in mines, by reason of the exceptional nature of the employment. Bankruptcy Laws remit in certain cases a portion of the debt. The Law of Limited Liability is a legal restriction of the ordinary risks of trading. We admit the Principle of Intervention. We have only to decide, in what manner, to what extent, and in whose interest it shall be exercised.

CHAPTER II.

PROPERTY IN LABOUR AS THE BASIS OF INTEREST.

THE question of Usury is so obviously dependent on the rights of labour, that the first point must be, to consider what these rights are. Clearly, if workers in general are enjoying their full property in their labour, there could be no further question of Usury or no Usury. Every just demand would, in such case, be satisfied, and discontent would show as a mere ebullition of covetousness. No one, however, believes, or in view of the actual facts, can pretend, that an ideal justice is being practically carried out in the economy of Society.

The natural right ¹ of possession is derived from labour. What we use, is either a free gift of Nature, like water, air, herbs, wild fruits and berries, trees for fuel, and caverns for shelter, or such transformation of the free gifts of nature, as may be

¹ By Natural Rights are here meant the elementary moral rights of human beings not considered as members of an organised Society.

effected by man's labour and ingenuity, working by means of the forces and fertilities of Nature. As for the free gifts of Nature which in their widest sense, include the soil of the earth, its waters, and atmosphere, its forces and fertilities, that which grows upon its surface without cultivation, and that which lies beneath its surface—there can be no natural right in particular persons to exclusive possession of any of these. They are the inheritance of the whole race. Any private property in them is artificial, the creature of Civil Law. "To reconcile people to this, after they have once admitted into their minds the idea that any moral rights belong to them as human beings, it will always be necessary to convince them that this exclusive appropriation is good for mankind on the whole, themselves included."¹

As for the commodities made by man out of the material provided by Nature, by aid of the forces supplied by Nature; in so far as Nature is part agent in the production, there is no natural right of private property in them; in so far as labour, whether of mind or body, has contributed to their present form and usefulness, the natural right to the use of the utility, lies clearly with the person whose labour of any kind has imparted to the raw material of the earth this element of usefulness to man. All other

¹ J. S. Mill. *Principles of Political Economy*, p. 142. This was said of land, but admits of a wider application.

things being equal A can have no natural right to the thing which B has made.

This natural Law is universally admitted. If of several children gathering shells on the sea shore one finds and picks up a beautiful specimen, she claims it as her own, a claim which only violence would dispute. If of two adults who have spent the afternoon picking blackberries from a hedge, one should demand any part of what the other has collected, the only ground upon which such a requirement could be morally based must be that of some equivalent service rendered, which is to be thus requited. Should he take his companion's store, under ordinary conditions, might and not right would have prevailed. Or if one of two settlers in the Canadian plains should have lassoed a prairie horse his comrade looking on and doing nothing, the sole natural right to the steed would be with the man who had caught it. It is impossible to conceive of any such case, *i.e.* of persons on an equality, where it would not be held to be an intolerable oppression for one to encroach upon his neighbour's natural right to enjoy what he owes to his own exertions.

In this natural Labour-Right, as we have stated it, there has been the essential element of the equality of footing of the persons concerned. In actual life, however, any original parity of circumstance, is soon lost, and then the natural right is impaired.

Thus, if of two persons labouring equally at the same work, one of the two has to obtain his supplies of food from the other, he cannot on the completion of the work, claim one half of the produce of their joint industry. His right to what he has made, is now not complete. In any case it is diminished by the value of this food belonging to the other. But since, *ex hypothesi*, he could not restore the value of this food until the job was completed, his share will be diminished by something more than its precise value, for he had no natural right to eat some of the other's food. How much more than its value he will have to allow, will depend rather on the other than on himself, since he could not have lived without this food, and the other could have done very well without providing it to the shrinkage of his own meals.

The natural right to enjoy all that one has made, has now been weakened, if it has not rather disappeared. For that particular transaction, the second man has lived by favour of the first, but for whom he would not have been alive, and would have made nothing. Moreover his condition will now be that of daily increasing weakness. Taking now less than the products of his labour, he will be in a more foodless and therefore dependent position than he was at starting; he will now be weaker in bargaining than he was at first, and will have to part with a greater share of what he has made. He has discounted his

expectations, and like all persons who run into debt by spending what they have not yet got, his indebtedness is likely to increase.

We have thus the natural right of every man to enjoy all that he has made, replaced by an economic right which allows him such a proportion of the fruits of his industry as is determined by the relation between his own weakness, and the strength of his partner. In any case some of the natural rights of man have been lost. A condition is set up, of servitude which easily slides into slavery or something nearly akin to it.

Whether these natural rights have been simply lost, or whether they have been forfeited, will depend upon finding out who was to blame for the first downward step, by which one man has to look to the other for food. At present, however, we will assume that the opportunities of the two men have been equal. Each, we will say, might have worked on equal terms, having started with the same store of food, if both had been equally prudent.

Wherein, then, is to be found the spring which has shifted these men on to two different planes of life, lifting the former up to the level of mastery, depressing the latter into servitude? The cause lies in the exercise by the one of forethought and self-control, and in the negation of these virtues by the other.

The latter has consumed his store in immediate grati-

fication, careless of the future, much as the bullock takes its fill of the bundle of hay set before it, trampling what it does not eat, reckless of to-morrow's hunger. The other has looked forward. He has put constraint upon his appetite, and saved, at the cost of some self-denial, enough out of the fruits of past industry to keep him alive until he can reap the next harvest. The life of the one has been the life of the animal. The other has brought into the conduct of his life the two particularly human faculties of forethought and self-denial.

Thus these two qualities are essential factors in the maintenance of the natural rights of labour. Where they are lacking different results ensue according to the degree of civilisation. In savage conditions, the absence of forethought and self-control entails the forfeiture of life itself. Starvation thins out of the ranks those who make no provision for future wants. In civilised life, the penalty lies rather in the forfeiture of some degree of personal freedom. Economic forces are brought into play, whose inexorable working separates men into two classes, servitors and the served.

But these two qualities work in a much larger sphere. With the aid of Invention and of Industry, they have carried Society along the path of Progress and Civilisation.

Without implements very little more would be possible than to provide for simple wants on an unvarying scale. The squirrel always will lay up its store of nuts, and the rat often, if it has access to a potato patch, will do as much. But if the stores laid by, are merely applied to satisfy man's natural wants, the human society would have been as stationary during the past ages as the busy and prudent society of the Ant-hill, or the Hive.

The *vis inertiae* of nature is such that man's muscular strength is relatively powerless in its presence. For a man to provide his family with sufficient wheat, he must every year, dig and cultivate two and a half acres of average land at the least. It would require weeks of labour to draw a ton of coals like water out of a well from a coal mine at Can-nock Chase, and then to carry it on the back to Canterbury. Churlish Nature would refuse most of her treasures to man relying on a bare right hand, and would grant but a little and that on hard terms. Man would sink down exhausted by the fatigues of moving the giant's little finger.

But to those who will woo her in the way she likes, she has a cornucopia waiting to be shaken out. Inventiveness, ingenuity, patience, self-sacrifice—not rude assault—this is the wooing that prevails. Thus overcome she is the willing Alma Mater of mankind. Nature has wonderful secrets which she

will pour into the listening ears of those who by their diligence in searching them out, show a willingness to make due use of what she may reveal.

These are the only terms upon which Nature elevates mankind. Improved types of animals have been developed from lower types. But those in any species have usually in the historic period remained stationary, except in so far as they have been effected by contact with man. The hawk's eye is as keen, and the lark soars as high, and the honey-bee's cell is as perfectly constructed now, as when the Britons dyed their bodies and lived in caves. Man being at the apex of animal life, can only be improved within the species, by development of individuals through their environment.

Thus man, with a spade, a knife, a spear, a plough, leading a tamed horse, rowing a boat which he has hollowed out of a tree-trunk, is thereby differentiated from the brute creation. Where they are stationary he moves forward. From the cavern he moves into the booth covered with skins, from the booth to a log-hut, from the hut to a cottage of bricks—thence to a villa, a mansion, a palace. At first he warms himself at a fire kindled out of the half-rotten branches broken from the forest trees by the tempest. He ends by sitting before a fire of coals drawn from the bowels of the earth. Instead of aimlessly wandering from valley to valley to find

a patch of corn-land not yet worn out, he rides forth exploring fresh fields and pastures new, he paddles down the river in his canoe, he crosses the sea in a galley, then he embarks on board a steam-vessel, then the paths on the wide ocean become dangerous through the multitudes of the fleets and navies that convey to his enjoyment the fruits of other climates and soils.

From the aboriginal, clothing himself—when he is clothed at all—with skins, and plucking berries and grubbing roots for his food withal, we arrive by ascending the Staircase of the Centuries, to the Civilised Man, sitting down to meat at a table bearing food brought from half-a-dozen remote countries, sipping tea made from the leaves of shrubs growing in China and Ceylon, flavoured with sugar drawn by tropical suns from the soil of Barbadoes, warming himself at a fire the fuel of which is supplied out of primeval forests, buried beneath the ocean a million years ago—the bottled-up sunlight of ages when man was an unknown quantity; clothed in the cloth, or linen or silk that is reeled out so many yards a day from the looms of Leeds, Belfast and Lyons; reading a message despatched to him an hour or so ago from his son at the Antipodes.

As the *vis inertiae* of Nature is almost immoveable to man wrestling with her with empty hands: so the fertilities and forces which will be set in mo-

tion for the benefit of man equipped with knowledge and machinery are various, mighty and beneficent.

There is one condition precedent—rigorously insisted on. The gifts of Nature aided by industry must, on no account, be entirely squandered in immediate gratification. On no other terms will Nature hand out the key by which her store of wealth may be unlocked.

The inventions, researches, and advances in mechanical skill are due to the non-consumption of any year's national dividend entirely upon the present needs of personal life. A stationary existence only is secured by the elementary human forethought which out of a summer's abundance lays up a store for the winter's needs.

The real step forward is only taken when the whole even of this store is not assigned to those whose labours have produced it, but a part allotted to those who will invent, construct, and improve new implements whereby larger crops may be won from Nature's bosom, or a more effective use made of her forces and fertilities.

When, in every year, the family consumes on its existence the whole of what its labours have provided, it cannot advance beyond its original point of civilisation; when every family does this, the entire community lies stranded beside the River of Progress. When some consume everything upon themselves

and some do not, to the latter only is due any increase in the productiveness of labour. Then, owing to them, either less labour is necessary to procure the same comfort, leaving leisure for culture of the mind; or else the same labour is more fertile, affording a higher standard of comfort.

The one set of persons are carrying the community onward or upward, the others are a drag upon the wheels.

On the hypothesis that all have equal opportunities of thus aiding Social Progress, the selfish destroyers of its wealth deserve condemnation; while those who have served the cause of Progress by saving from personal consumption a part of the earth's produce, and devoting it to the improvement of natural mechanism, have a claim to a reward proportioned to their service and to the efforts which they have made in rendering it. These are the authors of advance in Civilisation, in the Arts and Sciences, in Literature and Religion. For the command over Nature differentiates the civilised man from the savage.

But when circumstances are not equal, the moral claim to reward will differ. The very wealthy find it very much easier to set apart from personal destruction a much larger portion of their yearly share. The culpability of not doing this is therefore great and merits severe penalties. Or if they do save,

the service rendered may be great, but the difficulty of rendering it is less, and the moral claim to recompense proportionably less also.

Or if any are in such poverty, that from no fault of their own, they cannot fall into the ranks of social progress, the State itself is to blame. It is sinning both against itself, and against them, for it compels them to live incomplete lives. They are serving their species as beasts of burden serve it. A nation, which by its institutions, propagates within itself a race of social dwarfs will finally suffer as it deserves. It is busy in crushing out of a section of its citizens qualities which are the gift of God in favour of perpetual Progress. It is in habitual rebellion against the conditions of its evolution, for it is destroying some by poverty, that it may work out the moral ruin of others by superabundance. It is plucking out by the roots in some those laws of human development, which are necessary in all for the elevation of the race.

Those who are aghast with horror at the poverty, the misery, the recklessness, the brutishness, the degradation, the lives physically and morally stunted, by which they are encompassed, should rather be horrified by its primary causes. "An enemy hath done this." The man moulded in the image of God, is being forced by the artifices of social life into a condition of less forethought than that of the squirrel

or the rat, and so tends to revert to original types. And since always, *corruptio optimi pessima*, the socially compelled brutality of man degraded, becomes intolerably worse than the natural brutishness of the beast.

It appears hence, how accurate is the common phrase, which calls thrift, "saving." Economists favour such other words as, "abstinence," "deferred enjoyment," and the like. But "to save" expresses the primary idea, that something has been saved from the destruction to which mere animal instinct would devote it. In such salvage lies the progress of the human species from savagery to Godhead. By how much has thus been "saved," has the salvation, material, mental and moral, of the race been achieved.

This civilised advance comprises two factors, the material and the moral. A fund reserved from personal consumption, and devoted to extend the command over the powers of nature, and to support a larger band of workers is the material factor of civilisation. In other words an annual increment of Capital is necessary. In fact, it is believed that one sixth part of the material income—two hundred millions out of about thirteen hundred—is thus set apart for reproductive purposes. This is the *sine quâ non* of social progress.

It might be thought of no consequence by whom this is saved, so that the necessary sum be forthcoming.

But that is not so. Much will depend upon the persons by whom it is saved, whether they are few or many. If the sum total be made up, in the main, by the large savings of a few wealthy persons, their motive is not forethought, nor does their action educate self-denial. The motive power is ambition or greed. The conduct is not self-denial, but a deferred self-indulgence. Some luxuries are dispensed with for a few years, in order that then far greater luxuries may be enjoyed without stint. This section of society is being leavened with the lust of power, of place, of self-gratification.

On the other hand, the savings being made by the few, the many have no opportunity to save. To look beyond the next week is a painful act, so precarious is the outlook. The "berth" may be lost, no work is to be had, want may have broken up the home. This is all that the average wage-earner can see in the magician's glass. Even the well-paid artisan, knows that the loss of a limb, or the failure of health would plunge him into social ruin. Men cannot, will not, ought not to, look closely forward into a future which prudence cannot save from disaster. That way lies the mania of recklessness.

To give point to the argument, let any one take two typical lives. First, that of the man who dies bequeathing a million of money which he has amassed. In his lifetime he has added that amount to the capital of his country, for we assume the case of

honourable, business enterprise. This is in itself a public service. But at what cost has it been rendered? There must have been ambition and the desire for gain. No moralist would say that a life of money-making is a healthy environment for any mind. At the very best it is sordid work. Seen at the worst the most evil passions are educated, harshness, tyranny, avarice.

Next take the case of any one of that population of one and a quarter million persons in London, who are in poverty. Real forethought is an utter impossibility. At the utmost, some of them have provided against occasional sickness. With that exception, life is mainly animal life. When they have plenty they consume it all, for there is no sufficient practicable inducement to do otherwise. When times are bad, they go without. The two humanising faculties of forethought and self-control lie dormant for lack of opportunity.

They are cripples of the worst kind. They may have physical strength, they certainly have physical desires. They have the faculties of the brute; but the moral controlling faculties of the man within them are numbed. A moral atrophy is consuming those ethic fibres of the being which differentiate the man from the animal.

Thus the Christian maxim—"Be not anxious for your life," (*St. Matt.* vi. 25. *V.R.*) is an impossible factor in

the two extreme sections of society. The sphere of Large Capitalism is infected by an absorbing incessant anxiety to make gains in the future. The vast hordes of the disinherited are fain to shut their eyes to a future which looms so forlorn and possibly hideous. They are not even careful for their life. They are rather leavened with the dare-devilry of the gambler who has been black-listed by Dame Fortune.

The consequent loss is economic as well as moral. The fact is patent that beyond provision for sickness and burial, there is no general effective saving on the part of the manual labour classes. Professor Marshall estimates that one hundred millions, about one fifth part of their aggregate wages is unworthily spent.¹ This is a waste of the material resources of the nation. It might have been so expended as to increase the National Dividend, causing more and more regular employment, and elevating the masses. That it was not so spent, was no doubt partly due to folly, but more largely to the fact that the conditions under which they live, for the most part favour habits of unthrift and self-indulgence; and, in the lowest classes, make life in its happiest aspects a see-saw of waste and want.

In the condemned cell of Austrian criminals—or the “poor sinner’s cell”—on the night before his execution the convict is allowed to choose his last repast.

¹ *Principles of Economics*, Vol. i. p. 747.

however sumptuous. There is a quaint humanity in the custom, at a trifling cost. But the waste is enormous, which is due to the recklessness of the thousands of social cripples in the business world, who have been forced by economic pressure to abandon all hope of a healthy social life.

Thus civilisation is something more than a social progress which only requires the yearly saving of a sufficient Capital. It is a moral and therefore individual progress. It is not only a question of how much Capital shall be accumulated, but by whom it shall be amassed. In these savings there is a labour so useful to society that it earns a reward, and ought to be duly recompensed. There is a labour also that is essential to the healthy life of each individual. It thus becomes the function of the statesman and of the moralist, to bring about such a more equitable distribution of goods, that all shall be obliged, and shall be able, to labour in saving.

CHAPTER III.

PROPERTY IN UNDERPAID LABOUR AS THE BASIS OF USURY.

WE are now in a position to see the reasons of justice on which the lawfulness of a commercial interest on capital is founded.

The starting point is the economic right of every man to what by his labour he has produced. It is his own, to use as he will. But there are two ways in which he may consume it. He may consume it all, whilst he is working to produce a similar supply. Or he may eat somewhat less himself and wear less clothing or not renew it so often, and give the remaining food and clothing to another man who is engaged in making a plough for example. In the former case the food and clothing will be consumed by one man who has replaced its equivalent by his labours. In the latter case the food and clothing will have sufficed for two men, one of whom has replaced it as before, and the other has made a plough by the aid of which more land can be cultivated and the food of the community proportionably increased.

The question at issue is—does the first man who has supplied the plough-maker with food and clothing deserve a reward? Has he rendered a service, and has he laboured in any way? Certainly he has laboured, for it would have been easier to consume all his food, and wear warmer and better clothes, and it required some effort, a real labour though nervous and not muscular, to forego these comforts. It was no part of his duty to feed and clothe his fellow-labourer. He has laboured in this non-destruction of what he might have lawfully destroyed, and he has by so doing been instrumental in increasing the productiveness of future labourers, for now there is a plough more in the world than, but for him, there would have been. That labour of his has aided production. He has therefore a right to be paid for his labour, *i.e.* to receive something more than the return of an equivalent to the food and clothing which he advanced. Also productiveness being increased there is a fund out of which he can be paid. He deserves a recompense, and the borrower has a store out of which he can without loss give the recompense. For the plough-maker, since his plough aids future production, has been able to sell it for more than the value of his own labour in making it.

This is the foundation of interest on capital. Interest is a man's lawful property in the produce of his own labour, which by a further effort or labour

he has stored up in some form that benefits not only himself but the community. The right to some interest on capital, is *in pari materiâ* with the right of labourers of every kind to what they have by their labour produced. But for his effort in saving a portion of his goods from unproductive consumption, and devoting it to productive consumption, the community would have been so much the poorer. He is thus, therefore, one of the army of producers, though indirectly, and has earned his pay as much as any other industrial soldier.

We have here, negatively, the definition of unlawful interest, commonly stigmatized as usury. As interest is property in stored-up labour, so usury is property in unpaid or, which is included therein, in underpaid labour.

It may arise in two ways. The loan may be for unproductive purposes, or it may be for productive purposes but exorbitantly repaid.

Loans for unproductive purposes may have two different objects:—either to enable the necessitous to tide over a short period of want, or to enable the spendthrift to revel in present luxuries by mortgaging the resources of the future.

This last is of the two the most pernicious to the State. The ordinary mischief of unproductive consumption is multiplied tenfold or more. It is mischievous enough when the owner of an estate spends year

by year the income from it in riotous living. But when by the money-lender's aid he has raised and prodigally spent in one year the incomings of ten, not only is the unproductive consumption of that year increased, but it is now out of the power of the owner for several years to spend its revenues productively, for they pass to some one else who has no other interest in the matter than to receive them. An object lesson in the evil of this has been recently given in the case of the Savernake Estate. The economic injury was here so glaring as to be held to justify a legal interference with personal rights. There is a precedent here for further legal interference where the general results are less obvious but more pernicious.

The other kind of unproductive loan, is that to the necessitous—known in its smaller transactions as pawnbroking. Mr. C. Booth gives an instance which illustrates the improvident borrowing of the very poor.¹ There is a father (blind) with a pension of 5s. 6d. weekly, an invalid daughter, two daughters, factory girls, paying 12s. a week between them for their board, and a fourth daughter, a school-girl. He found that this family with a united income of 17s. 6d. per week, were in the habit of pawning the same set of garments for 16s. at the beginning of the week, and redeeming them at the end of the

¹ *Labour and Life in East London*, Vol. i. p. 142.

week for the charge of 4*d.* Thus they obtained a week's income in advance by paying interest at the rate of one hundred and six per cent. per annum!

Such advances whether to the improvident or to the necessitous, are usurious—whether the rate of interest be one per cent, or one hundred. Except in comparatively few cases they are sought to maintain life, and in no sense to provide capital. Occasionally they are of this latter character, as when a tailoress pledges her shawl to enable her to pay the week's hire purchase of a sewing machine. But as a rule they are unproductive loans. They in no way increase the productiveness of labour. The debts are incurred because those who incur them are behindhand with the world, and must live, yet may not steal. The payments made in respect of them are made, not out of profits but out of privations. It is so much added to the cost of living, for the reason that those who pay this extra cost of living were already so poor that they could not pay the usual cost.

As things are, the pawnbroking system may be necessary, and convenient, and the only current remedy against greater evils. But for all that, the loans on which it flourishes are advanced out of a fund of unfruitful money. The interest received is not a payment for capital, the effort of saving which has advanced the civilisation of the world. There

has been a labour in saving, but an unfruitful labour which has produced nothing and therefore on the maxim that labour has a right to what it has produced, has no right to recompense for it has produced nothing. Such transactions are usurious, such so-called interest is usury. "Usury is the certainest means of gain, though one of the worst, as that whereby a man doth eat his bread, *in sudore alieni vultus*." ¹

This is the usury which is so vehemently condemned in the Bible, so that for centuries the name of usurer was odious, Jeremiah complaining that he was publicly detested though he had never lent money on usury. (*Jeremiah* xv. 10.)

It has been already noted how this religious denunciation of usury has to this day coloured men's views of the subject. It becomes important therefore to make sure that we have correctly gauged its scope.

Any abstract moral law is perpetual. But a moral law which defines duty in concrete cases, must be rigidly confined to the details which it regulates. Cotemporaneous history will throw light on these details. We have in the Book of Job, whether regarded as a narrative of facts or a poem descriptive of life, indications of a policy of aggression upon poverty as prevalent even in times of pastoral and non-commercial simplicity.

¹ Bacon's *Essay on 'Riches'*.

"Some remove the landmarks. They violently take away the flocks and feed thereof. They drive away the ass of the fatherless, they take the widow's ox for a pledge. They turn the needy out of the way, the poor of the earth hide themselves together." (*Job* xxiv. 2, 3, 4.) So that "as for the mighty man he had the earth," (*Job* xxii. 8.) and is thus reproached, "Thou hast taken a pledge of thy brother for nought, and stripped the naked of their clothing. Thou hast not given water to the weary to drink, and thou hast withholden thy bread from the hungry." (*Job* xxii. 6, 7.)

The Hebrew Law-giver is no doctrinaire legislating for the commercial relations of the Nineteenth Century. But he would stem the tide of inhumanity which was in his own times giving the earth to the mighty man. So his code bristles with injunctions such as these. "If thou lend money to any of my people that is poor by thee, thou shalt not be to him as an usurer, neither shalt thou lay upon him usury." (*Exodus* xxii. 25.) "If thy brother be waxen poor and fallen in decay with thee, then shalt thou relieve him, take thou of him no usury, nor increase." (*Levit.* xxv. 35, 36.) "Thou shalt not lend upon usury to thy brother; usury of money, usury of victuals." (*Deut.* xxiii. 19.)

Further, although no debt was recoverable when the septennial year of release came round, this was

not to prevent lending to the necessitous without usury, and at the risk of losing the principal. "If there be with thee a poor man, one of thy brethren . . . thou shalt not harden thy heart, nor shut thine hand from thy poor brother: but thou shalt surely open thine hand unto him, and shalt surely lend him sufficient for his need in that which he wanteth. Beware that there be not a base thought in thine heart, saying, the seventh year, the year of release, is at hand, and thine eye be evil against thy poor brother, and thou give him nought." (*Deut.* xv. 7, 8, 9.)

We find in the usury laws of the Hebrew Polity both a provision for the poor, and a remedy against poverty, for there would be so much the less inducement to accumulate wealth upon which the relief of poverty was such a heavy first-charge. This from first to last was the sin of usury in the Old Testament—making gain out of the necessities of the poor. So Ezekiel in his vigorous exposition of personal duty classes usury with the abomination of oppressing the poor and needy, spoiling by violence and not restoring the pledge. (*Ezekiel* xviii.)

In all this the lawfulness of sharing in commercial profit is not touched. When, however, with the expansion of commerce this question had become familiar, there is no doubt as to its propriety. In one of Christ's Parables, the unprofitable servant is condemned because he had hoarded his Master's money

instead of laying it out at interest. While the employer is represented as culpable, not for requiring some increase, but for being so hard and austere a man as to exact the whole of what his servants had gained by trading with his capital.

In so far, however, as the Hebrew code deals with commercial profits, it permits them. Land was the only form of capital with which men were then familiar. As to this, rent was expressly permitted. The provision that land could only be alienated for the unexpired term until the next jubilee year, constituted the so-called purchase money, a rent paid beforehand for a lease of ten, twenty, or thirty years, as the case might be. Hebrews were also allowed to lend to aliens upon usury, partly perhaps because foreigners were more engaged in the commercial use of money, partly also because of the clannishness of Hebrew Law.

On the whole then, so far as the authority of Scripture may be quoted at all, it maintains two positions. One, that land being commercially productive might be loaned at an interest or rent for a limited term of years; the other, that making a gain by trading on the necessities of the poor, was a sin against God, and a crime against the nation. When the hireling is oppressed in his wages, receiving less than what his labour has earned, the profit made out of him is usury. Usury is a property set up in the underpaid labour of other men. The

slave-owner is a usurer. The receiver of profits that accrue because, from any cause, men are forced to accept a mere subsistence wage, is also a usurer. What portion of a dividend is lawful interest, and what portion of it is usury cannot always be specified. But so long as there exist in a nation a multitude of persons willing to be industrious, living miserably, and constrained to endure long hours of work in order so to live, unable to provide for their wants one week ahead; with such a precarious footing in the hives of industry that they are never sure of getting work by which they may live during health and youth, and much less should they be enfeebled by age or sickness; while at the same time there are others with a redundancy of means, thoroughly secured to them whether sick or well, idle or industrious:—in such a nation, we have all the outward symptoms that it is ravaged by usury. A whole nation may be miserably poor together, and yet there shall be no suspicion of usury. But where one part of a nation is very rich and another part is very poor, unless it can be shown that the whole of the wealthy class owe their riches to nothing else but their own exertions, while the whole of the poor class are idle, incompetent, or thriftless, the presumption is of usurious dealing. The burden lies upon such a nation to clear itself of the charge of trading on the necessities of the poor.

These are symptoms only. In our analysis of the distinction between interest and usury, we have reached this point. Interest is the just payment of a labour in saving that has proved productive. Usury in commercial loans is the payment which the stronger is able to wring out of the weaker over and above that just payment; an excess which is obtained out of the industrial worker's due reward. Interest is a property in labour. Usury is a property in underpaid labour. The same reason which justifies the interest receiver in demanding to be paid for his services, condemns him for exacting from the industrial worker that excess of interest (*i.e.* usury) which is filched from wages.

What is just wage, or what is exorbitant interest cannot be precisely defined. Just, unjust, moderate, exorbitant, are relative terms, whose meaning depends upon circumstances. What causes may be at work to lower wages below their just scale, or to raise the rate of profits and interest above their due level, so that they become exorbitant or usurious, must be examined; and the extent to which they have operated, measured.

For the last generation these matters have been left to the settlement of economic laws. The level has been an economic level. Until then there was a general consensus of opinion that the economic standard was so treacherous a rule that it ought not to be

left unregulated. Attempts to govern it, were abandoned, not as being wrong in their aim, but as being inoperative.

Now, the conviction is more intense than ever that the vexed question of usury cannot be submitted to economics as sole arbiter. In the present century two movements have been set on foot to deal with the problem:—Trades-unionism and Socialism. These must next be considered.

The former would evict usury by the organisation of labour. The latter would extinguish both interest and usury by a new organisation of property.

CHAPTER IV.

THE ORGANISATION OF LABOUR.

NATURE abhors a vacuum. The void caused by the repeal of direct usury laws has been filled by the indirect method of trades-unionism. Of this the *raison d'être* is to strengthen labour in the higgling of the market with capital. Those who felt where the shoe pinched through the isolation of the labourer, saw that by combination they might secure a larger share of the joint profits of industry and capital.

Its results have justified both this contention, and the hostility of the profit-receiving classes who withstood it. An Act of Parliament exacting that from such a date wages should be raised by one tenth, would have proved as futile as the Act of Queen Anne which fixed the rate of interest at five per cent. But the repeal of the anti-combination laws has in many industries done more than this—to the extent even of raising the wages of miners thirty per cent. in the last three years. It may be true

enough that the ability of employers to pay this enhanced wage is not created by trades-unionism but by the state of trade. But it is also true that the ability of the employed to secure their share of these improved profits is almost entirely due to their combination.

The very miseries which workmen and their families have endured during strikes, and show themselves still willing to endure, prove the exact contrary to the conclusion which it is often sought to infer from them. It is thus shown, not that strikes are disastrous to workmen, but that they are on the whole beneficial. For none but madmen would continue to inflict upon themselves useless sufferings, They are sometimes taunted with foolish submission to their leaders. The taunt proves how much they owe to their leaders. Submission to authority is not an English foible. This obedience to trades-union discipline is one of the strongest proofs that can be brought forward, that combination has given to workmen such a share of the margin of profit as was worth fighting for.

But making all allowance for the victories it has won, the combination of employers and employed against one another can never cut down the Upas tree of usury.

Capital and Labour which in production are partners, are thus put on the footing of war in the

division of the profits of their partnership. As in other wars the ultimate sanction is that of pitched battles—strikes or lock-outs, when partners in business seek to settle the terms on which they share the profits, by ceasing to do any business, and *quanto valeat* destroying profits. This Labour War also imports into an intricate economic problem the ruinous element of passion. Besides it is of the essence of strife to be continued until one or the other of the parties to it are beaten; this may mean the destruction of an industry, or the transference of trade to a foreign country.

The miners' holiday of March, 1892, points to another weakness. As it has suited capital before now, by trusts and unions, to limit the volume of production, and force prices up by a monopoly of the supply, so it may suit, or what is nearly as disastrous, seem to suit labour to limit the output. A real solidarity between the coal miners of Great Britain and Belgium, and the coal porters of London, opens up serious possibilities. The corollary to combination, is federation of great interests. Perhaps we are by no means near the limit of this federation on either side of the conflict.

But there is another inherent weakness in trades-unionism. Let federation be carried to its extremest limit, and there will always be outside it those who are too poor, too isolated, too irregularly employed,

or too economically feeble and incompetent to organise themselves. At present out of eight million adult manual-labourers not two millions are members of trade-unions. Thus only a minority are directly benefited. Of the unorganised some at least will be worse off. What unionists gain, either capital or non-unionists will lose. And certainly capital will be able to transfer some, probably a large part, of the loss, to the weakest party in the triangular duel—the unorganised labourers. Probably the depressed condition of the three hundred thousand persons “in poverty” in London is partly attributable to this cause. The camp followers of the army of industry will have to put up with the leavings of organised labour.

This is so obvious that the trend of the New Unionism is setting strongly towards Socialism. These industrial weaklings must be helped somehow—both for humanity’s sake, and in the interests of trades-unions. Hence the demand for an Eight Hours Act, and in some quarters even for municipal workshops to absorb artificially the redundant labour.

Combination is thus confessedly unable to effect the complete emancipation of industry. It imports no fresh moral solvent into the conflict between Labour and Capital. Its utmost work is to centralise the self-regarding interests which cause the strife. On the one side are federated the interests of capital,

on the other those of Labour. Superior strength is still, as before, the final arbiter. *Inter arma silent leges*. Settlements so made are in no necessary concord with economic propriety.

This was sharply illustrated in the coal crisis of March, 1892. Several hundred thousand pounds extra were paid by the public for their coal. Some of the wealthier coal-merchants were enriched, some of the poorer impoverished or ruined. Many work-people in affiliated trades were thrown out of work for a time or altogether. Some of these trades were depressed, some destroyed, some fell bankrupt. Producers for foreign markets were heavily handicapped. More than half a million of wages were sacrificed, to say nothing of injury to mines and machinery. These are the necessary incidents of the attempt to settle wages by combination. The attempt was either justified by circumstances or not. If the former, we see the price that has to be paid, that wage-earners may receive their due. If not justified, we have an object lesson of the evils which must ensue so long as one of the parties to the strife is in necessary outlawry from economic responsibilities.

Hence the rapid extension of Socialism. Fragmentary remedies, such as nationalisation of the land, single-taxation, the taxation of ground rents, are yielding place to wider theories. It is recognised that wealth must be socialised, either distributively

or collectively, if the exploitation of labour in all forms of industry is to be checked. The economic equilibrium must always be in danger, so long as ninety per cent. of the population are wage-earners, with little hope or ambition of becoming proprietors, individually or collectively.

The inherent weakness of trades-unionism lies in the fact that it tends to crystallise the unnatural division of society into wage-earners and capitalists. Starvation on one side, physical force on the other, in place of mutual economic interest, find the final arguments.

CHAPTER V.

THE ORGANISATION OF PROPERTY.

THE re-action against unlimited competition in the division of profits, is emphasised by the rapid emergence of Socialism as a political factor. Owing its origin and its force to a growing discontent with the results of economic freedom, it formulates a theory aimed at substituting justice for privilege in the distribution of the fruits of industry.

Some analysis of the real meaning of Socialism is desirable, to dispel the popular misrepresentations of its aims. Multitudes of educated people to this day persist in believing that it is nothing else but a policy of public plunder. It is to them only a euphemism for stealing, a convenient method whereby those who have not, may, being most numerous, take what they want, from those who have.

It is in reality a political programme for the economic re-construction of Society. It is therefore open to criticism. Its basis needs to be examined,

and any flaw in the theory discovered. Those who simply denounce it as a covetous confiscation of their goods, may find the charge retorted upon themselves, and not without reason. Practicable or not, economically sound or not, it professes to prevent confiscation, not to promote it. If in protecting the worker from suffering the confiscation of any of the fruits of his industry, it has to confiscate unearned profits of the non-worker, it would claim that the latter is the less in the choice of two evils. Later on reasons will be given for disagreeing with its premisses. Here it is enough to say, that the battle should be joined on one issue only, its economic soundness. By that test its justice can alone be tried. Socialism is a protest against the abandonment of all endeavours on the part of the State, to check usury. State Socialism if established would be the enactment of oblique usury laws, for it would abolish all private ownership of the interest on capital. With John Weemse (A.D. 1636) it regards the house of the usurer as *Domus Satanae*;—interest-receiver and usurer being reckoned as one person. Thus Greek Philosopher, Roman Censor, Mediæval Monk, Puritan Divine, Fabian Socialist, and Social Democrat, on this point are united in one happy family.

Much confusion has been caused by the use of the word Socialism in two different senses, (i.) to denote a principle, (ii.) to denote a method. The term

describes as the Bishop of Durham put it, "a theory of life, and not only a theory of Economics." ¹

As a principle socialism subordinates the individual to the society. It is opposed to the individualism which uses men for purposes of private gain, and it implies the joint-working of men with men for mutual advantage. The members of a trades-union are applying Socialism, though collective ownership is outside their theory. The Socialism of the New Testament is often urged, although distributive ownership is the principle which it applies. Any process is often and properly termed socialistic which diffuses among a community what would otherwise have accrued to individuals. Thus the whole machinery of Poor relief is applied socialism, which, however, was carried a step further in Mr. Goschen's act for charging the maintenance of in-door paupers and lunatics in the Metropolis, upon the common fund of the Metropolitan rates. So also rates and taxes upon realized property, the Land tax, and Income tax when not levied on the earnings of industry, are socialistic. Thus, in passing, we note that those who are working to relieve earned incomes, from Income tax are really socialists. Socialists themselves use the word in this general sense. Thus "there are socialistic measures, that is, they tend to the recovery from landlord or capitalist

¹ At the Church Congress at Hull. Oct. 1, 1890.

of some portion of the tribute which they levy.”¹

In this general sense, socialism is a very elastic term. Individualism and socialism stand at the opposite poles. Between them there are as many shades of meaning as there are tints of grey between black and white. A society being composed of individuals, there can never be either absolute individualism or absolute socialism. The energy, enterprise, brain power, muscular strength, imagination, self-interest of the individual are necessary factors in social life. When they are harmonised with the common good of the society so as to afford the best guarantees for a high standard of individual life throughout it, we realise the ideal of socialism.

In its confined technical sense the word denotes one particular method by which these ends are to be attained, *i.e.* by the collective ownership of land and all industrial capital. Its adherents would substitute for the (partly) socialised individualism which now exists a complete re-organisation of society. No one would be allowed to possess either land or any of the agents of production. The only property allowed would be in consumable goods which moreover must not be disposed of at more profit than would repay the trouble of selling them. Goods of the second and higher orders would be vested in the community and not in individuals. In popular lan-

¹ *Capital and Land*. Fabian Tract, No. VII, p. 16.

guage every one might *spend* such income as he possessed in any way he thought fit, but he would not have the power of investing it so that it should bring him in a future income.

The change is so vast that it requires some effort of the imagination to realise it. For the diversified industrial life of to-day with its startling contrasts, its grades and ranks, its masters and work-people, its money making and prodigal luxury, its charities and its poor, there would be under the solvent of this Socialism, one class. All would be communal possessors. All would be in communal employment.

All land and capital would be directly owned by the whole community, and all individuals would labour in some capacity as servants of the State, receiving according to their earnings their due share of the common production. This has been shortly stated as "the collective ownership of land and capital for purposes of production, with individual ownership of the things produced for purposes of consumption."¹

We are familiar with one application of this method, *viz.* in the Post Office. The scheme involves the transformation of the multifarious industries of to-day into a universal civil service. The proposal is to vest in the community, or in some municipal section of it, all lands, houses, factories, railways,

¹ Cf. Schäffle's *Quintessence of Socialism*, pp. 103 and 104.

tramways, canals, mines, shipping, bakeries, gas works, water works, all distributive employments, shops, grocery stores, butcheries, and in short every industrial business, such as is carried on for profit by the aid of capital and other men's labours. Such enterprises would be the property of the State, and worked either nationally, communally, municipally, or parochially. The services rendered and the commodities produced would be divided among the workers, on some principle of equity which perhaps has not yet been discovered or agreed upon, so that each should have assigned to him the precise share of food, clothing, and other utilities produced, to which he was justly entitled.

This is technical Socialism carried to its logical conclusion. Probably none of its English adherents expect their ideal to be thus realised. But whatever comes short of this is an amorphous State Socialism, and would sin against its leading principle of ideal justice. For to compel one person against his will to become a civil servant on the ground that private capitalist industry was unjust, and notwithstanding to permit his neighbour to enrich himself by private capitalist industry, would be to attempt to combine two self-contradictory principles of justice.

This Organic or State Socialism, must, confining ourselves to its English exposition, be again subdivided. It may be either catastrophic or opportunist.

The extreme school, in their bitter discontent with

the miseries and injustice, which they see, and many of them *feel*, would, by a violent upheaval, effect the forcible transfer of productive property, from the individual to the State. Land and capital would be confiscated. Those who now live upon the receipt of rent and interest would be bidden to go and earn their living, and take their share, and no more, of the product of labour. This, whether by forcible eviction from property, or by the euphemism of a tax of 20s. in the £ on unearned incomes, is the programme of those who would socialise by catastrophe.

The most vehement individualist can hardly oppose this more vigorously than Mr. Bernard Shaw,¹ himself a thorough-going State Socialist, who demonstrates the starvation which it would bring to a host of workers of all grades, by its ruinous disorganisation of industry. And in truth Catastrophic Revolution is not the natural outcome of constitutional government in which freedom broadens down from precedent to precedent. Traditional rights put an effective drag on the wheels. Only if they are unwisely used will the vast reserves of democratic power be put forth in violent change. But let no one hug the belief that changes can be staved off which will be very painful to the privileged classes, but very just towards the multitudes whose lives are now made painful by the privileges of the few.

The other form of Organic Socialism is the Oppor-

¹ *Basis of Socialism*, pp. 189 and 190.

tunist. There is to be no sudden, violent, complete, transformation. We are not on Saturday night to pay or receive wages as individualists, and then to begin life anew as civil servants on Monday morning. The final consummation of State Socialism is to come through a transition which may be the movement of several generations.

The exponent of this scheme is the Fabian Society which "works for the transfer to the community of the administration of such industrial capital as can conveniently be managed socially," as well as for "the extinction of private property in land."

This transfer is to be effected gradually, "without compensation but not without such relief to expropriated individuals as may seem good to the community."¹

The transition is described more fully in one of the Fabian Essays in an essay by the Editor.

The first step will be by the taxation of ground rents to equip municipalities with a first instalment of Land and Capital. Municipal employment will be given to the unemployed first of all. The wages being better, and the hours of labour shorter, all underpaid labourers will swarm to the municipal industries and demand work, which must be given. There will thus be large and rapidly growing industries organised municipally.

¹ Leaflet *Basis of the Fabian Society*.

The process once set in motion, will go on from year to year with accelerated momentum. The constantly rising wages must be met by the private capitalist, which he can only do in one of two ways, by the reduction of his profits or by capitulating to the municipal capitalist.

The resources of municipalisation are, however, not yet exhausted. It will be well to quote the exact words. "But even rents when they are town rents, are at the mercy of a municipality in the long run. The masters of the streets and the traffic can nurse one site and neglect another. The rent of a shop depends on the number of persons passing its windows per hour. A skilfully timed series of experiments in paving a new bridge, a tramway service, a barracks, or a small-pox hospital, are only a few of the circumstances of which city rents are the creatures. The power of the municipality to control these circumstances, is as obvious as the impotence of competing private individuals."¹

Thus there are two features in the scheme. The profits of capital are to be extinguished by (i.) State competition raising wages on economic lines; (ii.) municipal power by an arbitrary exercise hastening and completing the operation. It would be "either stale-mate or checkmate."

A similar policy would extinguish private property

¹ *Basis of Socialism*, p. 196.

in land. By a special tax laid upon agricultural rent land would be purchased and municipally farmed. It is reckoned that great profits would be made in high municipal farming. That is a point to be decided by experience. Such profits, large or small—or it might be, losses—would no longer be personal. Any advantage, or any financial disaster would be shared by the community.

These two schemes of Organic Socialism are, it will be seen, identical in aim, they differ only in the manner of reaching the goal. The aim is to make public property of all forms of interest on capital. Social Democracy would do this thoroughly and at once by a social revolution. Fabian Opportunism would work by a gradual process, vesting in the community from time to time such items of profitable property "as might be conveniently socialised." Both are founded on the same theory that to exact or receive any amount of interest on capital is immoral—a sin against the community, which deserves punishment, and requires to be determined.

It should be added that State Socialism is theoretically not Communism. Communism is the negation of private property in any form. Its maxim is,—“From every one according to his powers, to every one according to his needs.” This involves inequality as to labour, equality in reaping its fruits. The natural right of every one to the fruits

of his own industry is annulled, when another's needs encroach upon it.

Organic Socialism on the other hand, founds itself upon this right as indefeasible, proposing to abolish private ownership of profit-bringing property, in order to secure this right. In theory the two are absolutely distinct. Organic Socialism concedes private property in consumable wealth, but not in the instruments of production. Communism denies rights of private property in either. Later on we shall see that though thus distinct in theory, there is a connecting link between the two.

Christian Socialism occupies a position different from either. It is not, as some suppose, merely Organic or State Socialism plus Christianity. Christianity is a moral and religious system whose matrix was a condition of distributive ownership. Christian Socialism is therefore tolerant of this, though somewhat jealously critical of its inherent faults.

But while State Socialism knows no other method of regenerating society than that of a rigid economic mechanism, Christian Socialism regarding society as an organism largely controllable by moral forces, is less rigidly bound down to collectivism as the sole justifiable method of life. It will freely use it in restraint and punishment of competitive covetousness. But in addition, it will seek to permeate society with moral and spiritual motives, powerful

enough to counterwork those self-regarding motives, which are the mainspring, and if unchecked will prove the curse, of any purely economic system, whether it be worked on individualist or collective lines.

CHAPTER VI.

ORGANIC SOCIALISM A NEGATION OF PROPERTY IN LABOUR.

THE ground is now cleared for judgment on the contention which underlies every proposal of State Socialism,—that there can be no private right on the part of individuals to receive in any form, interest on capital. State or Organic Socialism is urged as an economic mechanism to destroy an alleged economic immorality,—the exploitation of labour by the capitalistic exaction of interest.

This is the foundation of the entire theory. The language used upon the point is unfaltering. Interest on capital is immoral, iniquitous, robbery, at best a tribute exacted by a conqueror from a vanquished foe. There can be no question of how much or how little, there must be none at all. Ten per cent. robs the labourer badly, but one per cent. robs him.

So to the State socialist there can be no partnership between labour and capital, at least only in production, but none in the division of the profits.

The capitalist may take what he has earned as wages of superintendence, perhaps something as insurance for risk, but nothing at all as interest, or as rent. He who owns land or capital is represented as a robber of the community when he receives either rent or interest. No compensation can be allowed for expropriation, but a compassionate allowance might be granted. This is the doctrine, what are its foundations?

Putting aside natural fertilities and forces, labour, it is truly said, is the creator of all wealth, which belongs therefore justly to those whose labour has produced it. The argument is put thus in a popular form. The total annual produce is valued at thirteen hundred million pounds, of which the manual labour class receives four hundred million pounds worth, the "legal proprietors of the three natural monopolies of land, capital, and ability" taking the rest. Thus it is said, that of every pound's worth which the labourer produces he is robbed "by legal monopolies" of all but seven shillings.

The weak link in the chain of argument is obvious. Labour of course is the producer of wealth, but it is labour past as well as present. The point at issue is whether the owner of the present labour is to take the whole of the profits ousting the owner of the fruits of past labour. Upon what thesis of morality is the community the only immediate heir

of the fruits of stored-up labour, which had those terms been made known beforehand would almost certainly never have been stored up?

The aid which capital gives to increase the productiveness of labour is enormous. A farm labourer in Kent, can, at the cost of five hours' labour, have delivered at his cottage door, a cwt. of coals, which it would have cost him a twenty days' tramp to carry from the nearest coal-pit, even if he found the coal lying ready to his hand. Sixty years ago it was computed that the labour of one man weaving cloth by the aid of machinery was as productive as the labour of two hundred men had been without it. Since then capitalistic reproductiveness has enlarged its scope, and increased in degree. The saving of wealth from unproductive personal consumption has added a new generative force to those of nature.

The canon that the labourer is worthy of his hire, affirms an economic propriety in giving his share to the indirect as well as to the immediate producer. A man who should, by a timely alarm of fire, "save" a warehouse of goods from destruction, would be held to have earned his reward as a part-producer of those commodities. The mariner who by his "look-out" at the bows of the vessel in co-operation, with the steersman, "saves" it from destruction, contributes quite as real a service as the fireman in the stoke hole, or the sailor bending the sails.

The term "labour" is very comprehensive. Human ingenuity, contrivance, enterprise, courage, risk, invention are acknowledged as efforts deserving reward as truly as manual labour. There can be no true reason for excluding these efforts of self-restraint which by saving the fruits of labour from personal luxurious consumption, have so vastly increased the volume of the fruits of the future labourer.

It may be urged that it is selfish to require payment for such services. But it is quite as selfish for any person to require wages for labour of any kind. And it is more selfish for those who have not used these efforts of saving, to demand a full share of all the benefits accruing from the labours of those who have.

For in fact, this has been the work of individuals. There are spendthrifts and there are frugal persons, even though all enjoyed equal opportunities. It is the latter who have pushed the car of the State over the rugged ground of uncivilised life. There has been a strain of individualism in all progress hitherto. State socialism condemns and would punish individualism, and seek to carry on the world without its aid. It has to show that the former course is just, and the latter possible.

Without doubt, as is often scornfully urged, the millionaire's effort in "saving" is trivially insignificant. This, however, does not touch the point of the econo-

mic morality of rewarding services rendered to the community by personal service. It proves two points, however. One, the propriety of preventing such large accumulations. The other, the reasonableness of a sharply graduated Income tax on large incomes from capital. The small investor has made a painful effort to save. To the large capitalist the effort is nil. Yet, under the iniquitous system in vogue, the one who has laboured hardest in saving to provide for sickness or old age, pays income tax at an equal rate with the man whose efforts have been trifling, and whose motive,—greed or ambition.

On the whole then, the fallacy in the theory of Organic Socialism is its non-recognition of the part which individual savings have taken in the genesis of civilisation. Accordingly it constructs a theory of justice which excludes individuals from reward for their past services in that respect; and it would construct a system oblivious of the needs of such services in the future, and dependent for success on the majority of citizens being themselves thrifty, and able and willing to coerce the thriftless minority.

Here appears the connecting link between State Socialism and Communism. In theory they are absolutely distinct, the former affirming and the latter denying, the property of man in the fruits of his own labour. "To every man according to his work"

in the maxim of the one. "From every man according to his powers, to every man according to his needs," is postulated by the other. In continental socialism the two are often mixed up. So that the Pope¹ may be excused for his confusion between them. Thus, when the German anti-socialists laws were repealed on October 1, 1890, the occasion was celebrated by the re-publication of the Gotha Programme of 1875. The first paragraph of this manifesto of German Socialism closes thus—"all having equal rights in proportion to their reasonable requirements."² Thus German State Socialism, avowedly, as other forms of it implicitly, casts itself upon a stream which ultimately flows into the ocean of Communism. And for this reason, that it infringes, in one particular, its own law of property in the fruits of labour, denying such rights to those who labour by "saving." It is, of course, fatal to a law, to abstract its principles by making its application, in so much as one case, arbitrary. It is henceforth not a law at all, but the expression of will. Its foundations being undermined, the fabric of property in labour falls to the ground, with the final result that things are shared, proportionably to "requirements," and not to the just claims of labour. It is therefore material to the stability of property in labour, that

¹ *Encyclical on the Condition of Labour*, par. 5.

² See. "*Times*," Oct. 2, 1890.

the economic relations between all efforts and their due reward should be maintained.

What the extent of that remuneration should be, whether it is not now excessive, and artificially enhanced, and how these artificial increments of the rate of interest, and accumulations of its sources may be prevented, are questions which must be deferred.

All that is here affirmed is, that in the interest of labourer and capitalist alike, and on the basis that the labourer is worthy of his hire, those who have aided production by preserving from luxurious consumption some part of that which in fact they possessed, should be remunerated for their trouble. They might have hoarded their means of enjoyment, in which case the community would have lost more than themselves. It is morally just, as it is certainly expedient, to pay individuals for not doing, as a money economy permits them to do, the disservice to the community of hoarding their money, and diminishing its resources. There is a lawful interest which capital earns. There is an economic propriety in some interest upon capital.

In short, interest on the capital which a person has saved, is founded on his property in his own previous labour in effecting that saving. Usury is the property which he claims, and by force of circumstances is able to exact, in the underpaid labour of others. There appears to be a capital behind it.

But such as there is has already been remunerated by the payment of interest upon it. The dividend that exceeds this, though nominally rated upon capital is really derived from the power which is possessed of obtaining the services of others at less than their true value.

It is clear that the original sources of these two payments being thus different, any successful attempt to deal with the problem must keep the distinction clearly in sight. The collective ownership which is proposed in State Socialism deliberately ignores the distinction, and would abolish the individual's just property in his own labour of saving, in order to destroy his iniquitous property in the unpaid labour of other men; that is to say it saws off the branch of the tree on which it is sitting.

The value of collective ownership evidently depends on the principle which underlies it. It may be set up on the basis (i.) of the lawfulness of interest, or (ii.) of the immorality of it.

Of the former kind of collective ownership we already have large experience. The Local indebtedness two years ago amounted to one hundred and ninety-five million pounds.¹ This had been borrowed for harbours, docks, piers, Board Schools, gas works, water works, markets, etc. A further sum of sixty-six million pounds thus borrowed had already

¹ Barker's *Facts and Figures for 1892*, p. 171.

been paid off. Thus gas works, water works, harbours, etc., to the original value of two hundred and sixty millions are collectively owned, to this extent that they are mortgaged to individual capitalists for the sum of one hundred and ninety-five million pounds, part of which is every year paid off by a sinking fund.¹ This is often pointed to as an application of the collectivism of State Socialism. But it is not really so. It is rather collectivism based upon the lawfulness of interest on capital.

In this character its results are generally admirable. Take for example the supply of gas. Of the sixty millions of capital applied to this industry two thirds are in private, one third in municipal, ownership; the former supplying sixty thousand million cubic feet, the latter supplying thirty thousand million cubic feet. The gas supplied by private companies, costs the consumers 3s. 7½*d.* per thousand cubic feet, that supplied by corporations 3s. 3¼*d.* per thousand cubic feet, including in both cases the receipts for bye-products such as coke and tar. Moreover, the number of consumers in the two cases is almost identical. The private companies supplying an average of fifty-three thousand cubic feet per annum, to 1,128,836 consumers: while the corporation works supplied an average of twenty-eight thousand cubic feet yearly to 1,115,267 consumers. It hence appears that for some reason, partly

¹ *Financial Reform Almanack for 1892*, p. 67.

its comparative cheapness, municipal gas is much more popular with smaller consumers. In a business of only one half the extent of the private companies, it serves almost the same number of consumers. Evidently its method of business is less high-handed, and more popular.

But the difference in the remuneration of capital in the two systems is more marked. The Capitalists who advanced the forty millions (nearly) for the private gas works, divided amongst themselves £3,143,641. Those who supplied the twenty-one millions for the municipal works, received only £971,755.¹ Had the latter been remunerated on the same scale as the former more than £1,600,000 would have been required. There was thus a gain on this head of £630,000. The gain is indeed really much more, since of the £971,755 a considerable part is applied to the sinking funds. Neglecting this we may, however, put the case broadly thus, that three pounds under the municipal system, will go at least as far as five pounds under the private system.

It is obvious that this system might be most usefully extended. The profits of all partial monopolies, contain an element that has not really been earned. Such industries are therefore fit subjects for stringent legislation. In two partial monopolies a large part of the profit is the creature of legal and

¹ Barker's *Facts and Figures for 1892*, pp. 123 and 124.

social requirements:—as in the supply of gas an element of the profit is derived from the necessity of light in the interests of order and safety; and in the supply of water, is due to sanitary regulations, and the growing rateable value of property.

A collective competition is in such cases particularly healthy, both as a means of cutting down excessive profits, and of cutting off the sources of extravagant compensation for expropriation. Indeed the principle may be applied wherever capital is sinning against the State by an impenitent extortion upon labour.

But a collective competition against all forms of capitalistic enterprise, armed with the rate-payer's money, and by fair means or foul, by "Small-pox hospitals" adjoining a citizen's place of business, or by incessantly tearing up the pavement in front of his shop, bent upon ruining the industry in which he has embarked his capital:—this is pregnant with other consequences. The particular expedients would probably be disavowed, but the central idea remains, that of ruthless hostility to all profit-bringing capital. The sweater, the dividend hunter, the public enemy who fattens on the profits of ill-paid labour is put on the same footing as the public servant who, by setting aside part of his income for productive consumption, is helping to increase the out-put of labour in the next generation. All are treated as guilty of the same crime and are punished alike.

Civilisation, as we have seen, is promoted by fostering in every individual the thrift which is exercised in forethought and self-control. The vice of the present system is, that this is rendered impossible in the multitude, and while it is reasonably practised by some persons of moderate means, is covetously worked by others. In order to remedy the latter abuse of thrift, it is proposed to punish it in the second class of persons, and to take away in the former all personal motives to its exercise.

Assuming for the sake of argument, that the transition period of opportunism, has been passed, and State Socialism is in full swing, what is the position and the outlook?

The maintenance of the *status in quo* would be consequent on the municipal self-control in setting apart for productive consumption a sufficient portion of the National Dividend to provide for future production. But the thrift of the State or of municipalities cannot be larger than the aggregate of the thrift of its constituent items. Of these individuals, many will have been penalised for their previous private thrift, more will have been accustomed to find enough capital provided without action on their part, and will indeed have come into the possession of this on very easy terms. The two classes will thus have before their eyes two object lessons, the one of the folly, the other of the apparent

needlessness, of laying up capital. Add to this that it is much more difficult, human nature being what it is, for a person to submit to diminished wages for the benefit of the whole society, than for his own palpable advantage. We have thus strong reasons for fearing lest the popular vote under municipal socialism should be in favour of sharing out too much. The capital which is now provided—often for very selfish reasons—by individual thrift, would then require to be raised by a diminution of wages—for all, *ex hypothesi*, would be wage-earners—in other words by an apparent tax upon industry. The future of the race would depend upon whether this tax was submitted to, or rather proposed by, the majority. It is not enough to say that they must, or to take it for granted that they would do this. The real question, before embarking on so vast a change, is as to whether it would bring into play forces which could be relied upon as a substitute for expropriated Individualism.

CHAPTER VII.

THE GERM OF USURY IN USELESSNESS.

USURY being Property in underpaid labour it will arise through any cause which hinders the labourer from exacting the due reward of his work. The crux of the problem lies here. Whenever such causes operate, high interest means something worse than bad security, it involves bad Christianity.

To discover its origin an extreme case may be taken. Let it be supposed that some person enjoys the privilege of employing slaves in some industry where the other labourers are really free to obtain the full reward of their labour. These slaves, we will say, produce by one day's work, what can be sold for five shillings, two shillings of this paying the interest on the capital invested, the cost of the material used, and the undertaker for his trouble. Then the free labourers will have earned, and *ex hypothesi*, will have received three shillings for their day's wage, while the slaves will have received their maintenance, worth we will say, one shilling. That

is to say, while the cost of production is the same in each case, the expenses for labour of the slave-owner producer will be one shilling, and the corresponding expenses of the free-labour producer will be three shillings. The slave-owner will therefore, beyond his own remuneration, and the interest on his capital, make an extra profit of two shillings per diem per slave. This will be a rent, or quasi-rent, being derived from the use of the free gift of Nature—men who from their circumstances can be enslaved.

The owner of this profit has been able to annex it, through the non-freedom of his slaves. Had they been free, they would have demanded and secured the three shillings wage which the freemen get. But they are not free. Consequently while the cost (in labour) of production is one day's work, the expenses (for labour) to the slave-owner, is one third of a day's wage. He enriches himself by pocketing the balance.

The above is an extreme case, but it illustrates the course which affairs take in the ordinary routine of business. It shows that if, in any way, the expenses of production can be kept below the cost of production there will accrue to the capitalist a gain which he has not earned. Over and above his own remuneration and the interest on the capital which he possesses or borrows, there is a profit which

he takes when he is able to secure labour by paying a price less than it is really worth. This is sometimes expressed by saying that labour has in such cases been exploited. When the pay of the work is shockingly small or the conditions of their toil frightfully hard, they are said to be "sweated," but the difference is only of degree. And the gains so acquired come under the ban of usury, for they arise out of trading on the necessities of the poor.

That this exploitation of labour is the rule rather than the exception is implied by Professor Marshall, when he says, "We shall gradually discover a great many limitations of the doctrine that the price at which a thing can be produced represents its real cost of production, that is the efforts and sacrifices which have been directly and indirectly devoted to its production. That doctrine would indeed represent facts accurately enough in a stationary society in which people's habits of life, and the methods and volume of production remained unchanged from one generation to another; provided that people were tolerably free to choose those occupations for their capital and labour which seemed most advantageous."¹

The point had been observed and vigorously denounced in ancient times. The Prophet Malachi believed that the coming Christ would be a "swift

¹ *Principles of Economics*, p. 408.

witness" against "those that oppress the hireling in his wages." (*Mal.* iii. 5.) The apostle James writes thus, "go to now, ye rich, weep and howl for your miseries that are coming upon you. . . . Behold the hire of the labourers, who have mowed your fields, which is of you kept back by fraud crieth out; and the cries of them that reaped have entered into the ears of the Lord of sabaoth." (*St. James* v. 1—4.)

The illustration given shows also one cause of the exploitation of the labourer—his non-freedom. Whenever he is not tolerably free to choose those occupations for his labour that seemed most advantageous, what he loses, another gains. The extent to which he is exploited will be measured by the degree of his non-freedom. If the unholy gains of usury are to be cut off, the causes of the labourers' depression must be first discovered, and then remedied.

The economic problem of the day is, to equate the cost of production to its expenses. And this not in a few industries only, for it is easy to see that such causes as operate to disturb the equilibrium between these two affect almost the entire industrial efforts of the nation.

With the exception of a few articles such as diamonds, the cost of the original raw material is very trifling compared with the expense of the labour of transforming it into a utility. The expense incurred

in purchasing the ores and the coal while yet in the bowels of the earth, the clay, the trees in the Norwegian or Canadian forests, and of any natural product apart from the labour expended in its cultivation, is small compared to the expense of labour in manufacture, in transport, in distribution; and often, indirectly, in the construction of the machinery, railroads, ships, and the like, of which some use is made.

Thus the raw material of valuable lace, may cost only a few pence; or a few pounds may pay for the various ores, and the royalties of the coals used upon the construction of machinery worth thousands of pounds. In this way the group of capitalists engaged, one after another, upon the production of finished goods, spend much on labour, and little on raw material.

The profits of capital are derived then from the business of buying two commodities—raw material and human labour—and in selling these again in the shape of some combination of the two. Its expenditure on raw material is a small item, that on labour enormous. Moreover the raw material has to be bought as a rule from monopolists, owners of the soil, mines, etc.—with whom advantageous terms cannot be made. Consequently the source of gain to competing capitalists must be found in their ability to keep down the price of their main purchase—labour.

There is therefore evident a paramount motive—not always for greed, but for commercial existence—running through the cycle of production from the raw material of the earth to the finished article, to depress the condition of those who have labour to sell. For in buying, the advantage lies in buyer or seller not meeting on equal terms. The party which can afford to hold back from buying must get the better of the party which cannot hold back from selling. In proportion, therefore, as the labourer is without other means of living, must he sell his labour at a lower price than he would do, had he a share in the National Property.

Unless it can be shown that he had no moral claim to this share, the price which is necessary to procure his labour, is less than its real cost, and the person who puts this difference into his pocket has been able to rob him, in the same way, though not to the same extent, as the slave is robbed.

The very fact that there exist side by side such abnormal accumulations of capital, and such abnormal masses of poverty, is itself evidence of the extent to which this process has been going on.

Their existence is also a guarantee that it will go on at an accelerated rate. Buyers go into the labour market with increased property, many sellers go there with increasing poverty. Thus wealth and poverty tend to increase in Geometrical Progression.

What is thus taken from poverty and added to wealth, strengthens the command of the latter, as it weakens the command of the former, over the labour market.

If this is irremediable there is an end of the question. But we have to enquire whether there are any artificial, and so removable, causes of the depression of labour.

As things are, increase of the population is a very palpable cause. When more men are seeking employment than can be offered them, wages are lowered. A trifling redundancy of labourers may lower the scale of pay over a large area. A thousand men out of work, only obtain it by underselling a thousand other men. These in their turn undersell a thousand others, and so on till the whole body in that trade have suffered a fall of wage.

Improvements of machinery, directly or indirectly save labour somewhere, and so throw persons, for the time at least, out of employment, influencing the labour market, in much the same way as a sudden increase of population.

Here then "what should have been for men's wealth becomes to them an occasion of falling." Until, which is very far off, the limits of food are reached, a normal increase of man made in the image of God, and every improvement in the fertility of natural forces, should be unmixed blessings to all mankind.

Yet, so out of harmony with the Creator's will, has society become, that both these should-be blessings become curses to many. They pauperise multitudes, and render their life more precarious, unhappy, and desolate, and, in some cases, brutish. Plainly some immorality is at work. A short examination of the case will detect it.

Let it be first supposed that there is a colony of ten thousand families, living under a system in which all perform useful work, the products of which are equitably divided to every one according to the quantity, the quality, the difficulty, the disagreeableness, and the value of the work done.

(1) Suppose now five hundred adults to be added to this colony. They will in the course of the ensuing year require 500×300 days' products of labour, but on the other hand they will add to the common stock precisely the same amount. All that will be necessary will be the adjustment of their exertions so that the requisite additional food, clothing, house-room, etc., be provided. This being done, this immigration of strangers will have caused no economic inconvenience.

(2) Next let it be supposed that by some remarkable inventions or improvements in machinery or otherwise, the rate of production is so increased that after allowing for any consequent increase of consumption the labours of five hundred families are found

to be unnecessary. That is to say, in the various industries nine thousand five hundred families can now produce as much as the ten thousand families have hitherto consumed, and a little more.

How is employment to be found for these five hundred families, that, in exchange for the goods which they want, they may produce goods which others will want?

This may be done in one of two ways. First, the day's labour of each colonist may be reduced on the average by about one-twentieth part, so that the total out-put may be the same as before.

Or secondly, they may continue applying the same amount of labour, with the result of a largely increased out-put, when with some necessary adjustments of labour, each colonist would still find work to do, and all would receive larger supplies of the fruits of their work.

In the first case, the whole colony will enjoy the advantage of shorter hours of labour. In the second case, the benefit reaped will be that of more abundant, and, relatively to the labour applied, cheaper goods. In either case labour-saving machinery has been to the gain of all, and the injury of none.

Next, let it be supposed that this colony, is under a different system—in which there are several classes, A, B, C, and D, so arranged that the A class does all the work, and receives about half the produce, while

those in the B, C, and D classes, do none of the work but receive the other half of the produce. While each person in the A class receives the unit share, each in the B class, let us say, takes four such shares, in the C class eight, and in the D class twelve such shares. The number moreover in the various classes are to be such, that those in the A class by working full time can only just obtain for their own consumption what is necessary according to their ideas of living, and no more.

Now, as before, we suppose that by the development of labour-saving machinery, five hundred of the A class find that their services can be dispensed with, and yet there shall be the same store of common wealth as formerly. We have now to see whether work can be found for them as under the other system.

(1) As for the first remedy, in which the others produced less so as to make room for them, the case is now by no means the same.

The B, C, and D classes cannot produce less, for they are producing nothing. And the A class cannot afford to produce less, for they are only now obtaining enough and no more.

It is true that the B, C, and D classes might be content with something less than their large shares, handing over the balance to the A class who could then afford to produce less and so make room for the unemployed five hundred. But the B, C, and D classes

value so highly their long standing privileges that they will not hear of any curtailment.

(2) The other remedy was for all to consume more. But *ex hypothesi* the only way in which a person can consume more, is by first producing something extra to exchange for it. Here again the B, C, and D classes do not help, for they are non-producers. Also the A class cannot help, for they are already doing their utmost.

The only possible employment for the five hundred unemployed is that of personal service to the B, C, and D classes, some of whom may, instead of personally consuming their entire shares, spend part of it in maintaining unproductive servants. Some will now be unemployed, and of the rest their position will be precarious since their masters may at any time prefer to take out their shares directly, rather than at second hand by keeping servants whom they do not need. Thus improved production has created a class of unemployed, and a class of personal servants. The latter not being producers of necessities do not stand on the same solid ground as those who are. They are in fact called "dependants" and are such, because their position depends upon whether those who employ them value their services sufficiently to forego other enjoyments for the sake of retaining them.

The two classes once established, the next improvement in production will find the A class weaker

by so many unemployed or precariously employed persons. Thus the depression of labour will work with constantly increased momentum.

There is no need to discuss the almost parallel case of the depression of labour by increase of population. But we arrive at the conclusion that where there are endowed non-working classes, increase of population, or improved production depress the workers, and tend to aggravate the original inequalities.

The case here supposed is, of course, in its salient features, that which at present exists amongst ourselves. The one cause of mischief as yet apparent is idleness. The laws of Heaven that all shall work, have been broken, and so destitution has been multiplied in the world. Idleness through excess of wealth has begotten poverty through lack of work.

CHAPTER VIII.

THE CONFLAGRATION OF THE PROPERTY OF LABOUR.

THE effect of a non-working class who are at the same time large consumers, has been noted as introducing precariousness and servitude into employment, and so creating a usury fund out of artificially depressed wages.

Concrete results of this may be further illustrated. Let it be supposed that one hundred thousand persons whose average expectation of life was twenty years were suddenly and prematurely destroyed, as by an earthquake or a pestilence; but that nevertheless, for the ensuing twenty years, the whole mass of the food, clothing, etc., which had they lived, they would have consumed, was periodically brought together and destroyed in a huge bon-fire.

Such a portentously wasteful holocaust would excite horror throughout the civilised world. Every tongue would be busy in deriding it. The wise would predict for the community foolish enough to be guilty of such wickedness the calamities which it would deserve.

But to our social system must be said:—*De te fabula narratur*. Precisely this is being continually done, only on a vaster scale. Excepting the young who are being brought up to a life of usefulness, the old who are being supported after a life of usefulness on the principles of deferred pay for work already done, and the afflicted who should be maintained in the interests of our common humanity, every useless person is simply a destroyer of what other men have laboured for. Such a person is economically defunct. Whether he lives and consumes, or dies twenty years before his time and the fire consumes for him, makes and can make no economic difference to the community. His existence only impoverishes his neighbours, and contradicts the first Christian principle of loving one's neighbour as one's self. The harm which he thus does depends on the emoluments of his idleness. If his means are larger so much the worse are his depredations on society.

Elsewhere I have pointed out that on moral grounds "a useless life is an incessant unspoken blasphemy against God."¹ Here we are concerned with its economic effects. Well-paid idleness is as destructive as a conflagration continually devouring the fruits of the earth and of labour.

But in fact its annihilation of wealth is on a much larger scale.

¹ *The Socialism of Christianity*, p. 86.

Let it be further supposed that two hundred thousand adults are constantly engaged in carrying handfuls of gravel to the top of Snowdon, and down again, being meanwhile comfortably housed and fed and clothed at its base, that they may pursue this occupation of lost footsteps. Again the outcry rises to heaven against this scandalous waste of labour and of wealth, which must eat out the vitals of the nation which indulges in such pastimes.

Again we ask what are the servants of the idle doing more than this? What they do may be pleasing to their masters and mistresses, it helps the community not at all. They pamper the pride or minister to the comforts of the slothful, but they are no more useful to the State than if they were perpetually engaged wandering up and down a mountain. The idle blot out of the national wealth, not only that which they consume but that which is consumed by their servants and the ministers to their pleasures. Their destructive power is multiplied by the number of their servants. The men and the women who doing nothing serviceable themselves, keep other men and women to cook for them, to decant wine for them, to dress their hair and their bodies, to wait upon them, to ride behind them on horses, to lead lap-dogs for them, to carry their prayerbooks for them to church,—not content with destroying food and clothing themselves are keeping

others to do it also. If the whole number were deported to Saturn, with a weekly bonfire of what directly and indirectly they would have eaten, drunk and worn out—the State would stand just where it now is. There would be gaps in the ranks of its inhabitants, but there would be no dislocation of industry.

One or two observations are necessary. Nothing is here said of the personal servants of those who themselves are servants of the community. Such set free for useful occupation those whom they serve, and are really partners of that work. The household of the Prime-minister give him leisure to go about the affairs of State. The same is true of every useful calling, whether that of the manufacturer, ship-owner, author, poet, priest or preacher, school-master, actor, business manager, down to the humbler home where the little nursemaid minds the children while the wife cooks her husband's dinner. None such are unproductive or could be well spared. And the definition of useful occupation should be a wide one, extending far beyond that of industrial, commercial, or professional work. It should comprise every effort to benefit the community. The mother's leisure to train her children or to take a wholesome, elevating place in society, or to be engaged benevolently, is profitably afforded by the aid of servants. Manual labour is not misapplied when setting free more highly-cultured natures to do greater services. And

since human nature is impressed by such things, the retinue of servants which to the vulgar gaze gives dignity to the holders of high office, is not altogether a public waste. It would be better otherwise, but, things being as they are, such influences may be recognised as part of the service which wealth is able and therefore may be expected to render.

Also nothing is here urged against pleasure. The economic waste is in the enjoyments of the useless. These destroy so much without any return, that not enough is left for the maintenance, let alone the comfort of others.

Further the argument applies to the general expenditure of the useless. If such an one spends a thousand pounds a year on carriages and horses, it is plain that all that is consumed by the grooms, and the horses, the wear and tear of the carriages, harness, stables, etc., is so much destroyed of the wealth of the community. But if the same sum be spent on railway travelling, also by a useless member of society, though the loss is not so palpable nor so easily separated from profitable expenditure on the same objects, yet the proportional share of the personal consumption of the railway servants, and of the wear and tear of the railway plant, is so much of national wealth destroyed without any return.

Thus all which useless persons consume themselves, and all which is consumed by those who

minister in any way to their wants, and pleasures, is a total loss. If they themselves had been non-existent, and all this had been devoured by the flames, the nation at large would have suffered no further injury than it endures by reason of their life.

This is readily seen in the case of the idle poor. They are rebuked as cumberers of the ground, who doing little or nothing themselves, quarter themselves upon those who work, or upon those who have. Those who live by begging are plainly leeches sucking the blood of the industrious.

But by a strange perverseness of the imagination, the idle rich who are generally the loudest to censure the idle poor, plume themselves on being benefactors to the human race. Do not they circulate money, giving employment to armies of working people? It is a poor ambition at the best—to be the sewer pipes whereby the fertilising streams of “filthy lucre” may be spread abroad. But it is unfounded. Whether a person live by begging money, or by taking unearned money in virtue of some legal right, can make no difference to the economic results of its expenditure. The only possible difference between the idle poor and the idle rich, is that the latter destroy immeasurably more of the national wealth, and are a heavier burden upon industry. The one kindles a cottage fire, the other a conflagration.

CHAPTER IX.

THE LOCUSTS OF LUXURY.

IN the two previous chapters we have noted the depression of industry owing to the destruction of a large portion of what are its fruits, and should have been its rewards, by the idle and the useless. The same consequence follows another cause—the luxurious expenditure of means that have been earned. “Consumption on pleasures or luxuries whether by the idle or the industrious, since production is neither its object, nor is advanced by it, must be reckoned as unproductive.”¹

When the Jews under Nehemiah’s leadership rebuilt the walls of Jerusalem, “half of my servants wrought in the work, and half of them held the spears, the shields, and the bows and the coats of mail,” narrates their leader. (*Nehemiah* iv. 16.) The labours of the soldiers and policemen who protect society, of the religious persons who instruct it, and of the various classes, singers, actors, and the like who recreate it

¹ J. S. Mill. *Principles of Political Economy*. p. 32.

by amusement, are auxiliary to production. Everything which is consumed, in increasing the efficiency of the working community, whether by greater comfort and better nourishment, or by reasonable enjoyments, or through the bonds of Society, moral, social, and religious, contributes indirectly even to its material wealth.

Luxury passes beyond these limits. Any expenditure by the useless is a loss to the community. So also is the luxurious expenditure of incomes which have been earned.

The waste of national resources takes place in two ways—by multiplying needless servants, or by extravagance in consumable goods.

The whole tribe of servants of luxury, are like the locusts who devour the food which useful cattle would have eaten. The footman earns his dinner by riding on the box of his mistress's brougham, or by lolling in the hall ready to answer the door bell. The day ended, both services and dinner have vanished. The match-girl eats her dinner, having earned it by making so many gross of match boxes. The dinner is gone, but the boxes remain to swell the volume of commerce.

At the best the service of luxury is naught. So many people have had their vanity gratified. It is often a minus quantity from the moral standpoint. An unwholesome pride, contempt of humanity, stand-offishness, is its evil legacy.

Then there is the luxury which consumes inordinately. Costly wines, dainty foods, rich and varied clothing, train-loads of furniture and upholstery, mansions, carriages of half-a-dozen kind, stables full of horses, shooting boxes, deer forests, yachts—these are some of the items in the menu of life.

Our criticism of luxury is not ascetic. The scandal of luxury is its false asceticism. It demands as a rule of life, privations, self-denial, Lenten fare all the year round—from *others*! A properly distributed luxury is good in itself. The earth was made for man, not man for the earth. And it was made to be enjoyed.

But what sort of enjoyment is this? These pleasures are purchased at the price of others' pains. It is as though in a besieged city, some were dining off sewer rats, and others gorging themselves upon sirloins of beef.

There can be no moral right to luxury while multitudes of the industrious are unable to feed themselves properly, clothe themselves warmly, or save their children from the evil education of life in a single room. For whilst this lasts there is no economic right to luxury.

What has been wasted upon it, is so much deducted from the industrial capital of the nation. In the place of so many yachts, carriages, mansions, there might have been more looms, carts, cottages,

colliers, adding to the wealth of the nation and to the worker's means of obtaining his share of it.

Luxury also works in antagonism to the interests of the labourer, by its capriciousness.

Moderate incomes are spent with monotonous regularity. So much is set apart for rent, clothing, bread and meat, grocery, fuel and light, etc., with all the dull absence of fancy of an automatic machine.

The manufacturers and the tradesmen supplying such wants can calculate with accuracy upon the character and extent of the demands of this sort which they will have to supply. These things are necessities. Not until they are supplied will fancy indulge itself. There is little uncertainty and risk in such trades. Consequently the so-called co-operative stores had an easy task in destroying the inflated profits which apathy had made possible.

But so soon as incomes rise much above this level of providing for necessities and for a low standard of comforts, there enters uncertainty and risk, which must be met by a higher scale of profits. Fancy, and not necessity, now determines the purchase. Fashion runs now in this, now in that direction. Hence inflations of particular industries to be followed by stagnation. One of the motives for the acquisition of great wealth is to possess the means of gratifying any whim. The demand that is dictated

by fashion, being fictitious, cannot be exactly gauged by those who have to supply it, who therefore have to protect themselves from loss by high profits. For the cravings of fashion are exhausted by being supplied. As soon as the mode has become common it becomes unfashionable. The extra demand lasts long enough to have set to work people competent to supply it, and then the butterfly of fancy alights somewhere else.

This power of fashion is proved, if proof were needed, by the fact that some years ago when there was great distress among the ribbon makers at Coventry, some benevolent ladies relieved it by reviving some fashion for ribbon. More recently the general mourning for the Duke of Clarence, caused wide-spread dislocation and slackness of trade, with much individual suffering.

On the whole its influence is to depress labour. For the first effect of any sudden demand is to give its chief profits to capital. The demand price is for a time much higher than the supply price. That is to say, purchasers will have to pay a greatly enhanced price for the article, while the capitalist will only need to pay a slightly enhanced price for labour, so that the latter gains the chief benefit of the rise of prices. Presently more capital is invested in the production, with increased competition for labourers to employ it, so that they now

are able to secure their share, or part of it, of the extra advantage. But by this time the short capricious demand has died out, and a considerable number of workers are thrown out of that employment, to depress the labour market until some new opening be found. This may take time. And, meanwhile a small body of unemployed persons, compelled to undersell others in order that they may live, depress wages over a wide area.

Thus abnormal accumulations of wealth act in two ways. The consequent luxurious expenditure, in so far as it is capricious, and lasting only for short periods of time in particular industries, enables the capitalist to skim the cream of the profits, thus adding to those accumulations which are the cause of the mischief. Further, the frequent changes of industry, involving the transference of workers from one department to another, involves the creation of floating classes of unemployed persons who can only live at the expense of the lowered wages of their own order.

Thus in both ways a condition of constant changes "in the volume of production" tends to keep the expenses of production from becoming a true measure of its cost. That is to say capital benefits by the losses of labour.

Something of the same sort follows upon that luxurious expenditure which is not capricious.

The price paid for an article in a fashionable West-end shop, is generally much beyond its value and its price in some less favoured locality. The wealthy would often disdain to buy it, were this not the case. But does the manual-labour producer of the article, receive any or much of this extra price?

Some slight evidence was offered to the House of Lords' Sweating Committee upon this point. Thus "The Rev. Mr. Adamson (vicar of Old Ford) says that some of the best silk mantles sold in West-end shops are made in his parish at $7\frac{1}{2}d.$ each, this being the price paid for making the whole mantle right throughout, and they have to find their own cotton and silk and oil for the machine."¹ This is only an isolated case, and there may be some mistake as to the true character of the work.

Then "a shirt was produced by this witness (Mr. Arnold White) such as is worn in the West-end. It was what is called a 'bespoke' shirt made to measure.... and it is all made complete for 1s. each. The sweater gets 2s. for it, so that he makes a clear profit of 1s. each, and the shirt itself is sold in the shops for about 7s. 6d."²

These statements, so far as they go, lead to the conclusion that the worker does not obtain more for his work on high-priced goods, than is due to superior work.

¹ See *Report* v. par. 48.

² See Lord Dunraven's *Draft Report*, par. 55.

More substantial evidence may be found elsewhere. Miss Beatrice Potter states that in the West-end coat trade, where workmanship and fit are desiderata, the tendency is for the work to leave the high-class English journeyman who does all the work upon the same coat for about 18s., and to pass to the Jewish factory system where the coat passes through several hands, the work in some parts being inferior, and the total price for making the coat about 14s. "The whole of the "bespoke" trade for retail shops might be executed by English journeymen tailors. As it is, only a certain, and, I fear, a decreasing proportion of orders are made under the old system. A large number of "ordered" coats are made by Jews."¹

Miss Potter also gives tables showing the prices per hour earned in the Jewish factories for different classes of this work. Thus, the tailor machinist in the "best bespoke" work gets from 6*d.* to 9*d.* the hour. In "stock and common work" the same kind of work commands 5*d.* to 6½*d.* the hour.²

There is here a substantial advantage to those who supply West-end shops. But though the earnings may be 2*d.* an hour more, the employment is less constant. "In the best bespoke shop the work is fast and furious during the busy season (from March to August,

¹ *Labour and Life of the People.* p. 213.

² *Ib.*, p. 222.

from October to Christmas) and tends to heap itself up at the latter end of the week.... On the other hand the workers are locked out for weeks together..... In the manufacture of stock and slop coats the current flows more smoothly."¹ It is plain that in this department the manual worker secures very little of the inflated prices of fashionable shops.

The testimony of Mr. Schloss as to the bootmaking trade runs in the same direction. "By the workbook of a steady man working for a West-end shop now before me I find that he made £1 18s. 3d. (net) in his best week, but his weekly average for the year is only £1 4s. 3d. Another industrious maker (working for a different master) is shown by the wage sheets of his employer to have earned in one exceptionally busy week £2 4s. 0d. (net) while his average throughout the year is only £1 5s. 4d."²

Mr. Schloss, taking next fourteen men working as "lasters" for three different manufactures of goods for "stock" finds the average weekly wage of these men to be £1 7s. 3d.³

Thus we find evidence that what might be expected takes place. The stress of competition from above and below, tends to deprive the manual-labour producers of highly-priced goods, of more than a

¹ *Labour and Life of the People*, p. 225.

² *Ib.*, 228.

³ *Ib.*, 267.

fractional advantage. The circumstances which raise the price which can be demanded, do not in general affect the price at which the labour can be procured. As to this, the law of substitution will be constantly at work, leading employers wherever practicable to substitute cheaper factors of production.

Where does the surplus of this luxury price go? Partly to build up large trading fortunes, partly also in the payment of extortionate ground-rents. Thus, by a sort of magnetic attraction, the principal expenditure of the wealthy, goes to create new bodies of wealth. Riches move in a vicious circle. To him that hath is given so that he may have more abundantly.

A signal illustration of this law of depredation through luxury is afforded by the re-afforesting of vast tracts of the Highlands. Wealthy brewers and manufacturers will pay more for the luxury of six-weeks holiday in deer-stalking, than farmers can pay to graze or till the land. These, and their shepherds, are ruthlessly expropriated to make way for a few gamekeepers and footmen. The land which, while being improved, would have supported a farming population and paid a small rent, now pays no true rent. The rent—so-called—of a deer-forest is no producer's surplus at all. It is the price which insolent wealth, having first wrung it out of underpaid labour, pays for the luxury of amusing itself by

laying thousands of acres desolate. The square miles of Scotch deer-forests are a huge object lesson of the economic antagonism between Luxury and Industry.

This with variations innumerable is the general effect of luxurious expenditure. The fields of industry have been visited by a flight of locusts who have destroyed much of the fruits of its fertility.

CHAPTER X.

THE STANDARD OF LUXURY A DEPRESSION OF INDUSTRY.

THAT there should be "Water, water everywhere and not a drop to drink" implies a scene of torture which has inspired a great poem. It is the torment also of the social Hell to which economic failures are consigned. Men, women, and children are half-starving in the midst of plenty. Factories and looms are put upon short time because the market is glutted with linens and woollens which no one will buy; miners take a week's play, and an extra weekly holiday, because coal is too plentiful and cheap to pay them for getting it; such stores of good wheat are poured into the dock warehouses of London and Liverpool, that for years past home farmers have been at their wits' end to sell their corn at a profit. Nevertheless multitudes of persons have gone ragged, and half-naked, and have lain in bed shivering for want of an extra blanket. They would have liked to be able to buy coal which the miners would like to be set to work to get. They are often hungry,

their frames are weak and stunted, though there is more food in the market than its producers can easily sell. Into London is poured more of the wealth of the world, than it knows what to do with. Yet in London, three person out of every ten are so in poverty, as never to be quite sure whether they will be properly fed, warmly clothed, and decently housed; and often to be quite sure that they will be ill-fed, ill-clad, and penned like sheep in a single room. The difficulty is not that food is wanted and cannot be supplied. It is the labourers who are not wanted. The warehouses are crammed, but no one will put the key of labour into their hands, that they may unlock the door and fill their wallets.

A century ago the bug-bear of civilisation was the pressure of population on the margin of subsistence. For a long time to come there need be no such fear. The virgin soils of new countries can, by a mortgage on their future profits, attract capital enough to till them. And Transport, which obeys the Law of Increasing Return, forms so large an item in the expenses of producing foreign food in the home market, that the American and Indian cornfields are for all practical purposes as near to London or Birmingham as the farms of Kent or Cambridgeshire. So long as our coal-fields, and our manufacturing command of foreign markets, hold out, our population are no nearer the margin of

subsistence than if they were located in Manitoba.

The pressure is not of the population against the margin of subsistence, for thousands of acres are lying uncultivated because food is so abundant that it does not pay to till the land. But there is a pressure of the industrious against the margin of remuneration. Every year vast quantities of the products which should recompense labour, are destroyed by the useless and their parasites, and in the luxuries of some of the industrious. There is thus so much the less left to be divided among the workers. Those who are strongest, either by their combination, or their skill, or the possession of some property, or by opportunity, will gain the lion's share. The rest must be content with the jackal's fare. They degenerate in economic value. Still must the full tale of bricks be made though less straw be given. Only the more efficient can be employed. The margin of remunerative labour is raised. Those who do not reach it form an economic residuum, who are sometimes worth low wages, and so obtain casual and irregular employment.

There is thus room for a standard of comfort. When population was in danger of pressing on the margin of subsistence, it was invoked as an oblique method of keeping down the population. If the wages fund were, as used to be implied, a fixed sum, a higher scale of wants could only be supplied by limiting the

number of persons to be provided for. Nothing short of this could raise the scale of wages.

Now, however, the contest is as to a division of the earnings and interest fund, which shall give more to the wage-earner. Whatever is thus taken from unproductive consumption, being so much added to productive consumption, lowers the margin at which labour ceases to be remunerative, and causes the employment of persons who under the previous high pressure could not be profitably employed.

Here anything which raises the standard of comfort aids the wage-earner. There is an ingrained Conservatism in human nature which never willingly falls back from an advantage gained. What has been enjoyed cannot be lost without pain. The stamp of food, clothing and shelter, which before it was habitual was a mere luxury, is henceforth a real necessary. This is a maxim in Law which takes account always of the condition in life when it is called upon to define necessities for 'Infants' or alimony for married women. This is the two-edged morality of the Church Catechism—requiring all to do their duty *in* the state of life in which they shall be placed. They may not by foul means rise out of it, nor by negligence sink below it. There is a moral propriety as well as an economic advantage, in a standard of comfort which rises proportionably with general progress. It is a silent impalpable

force, which if universally applied would be irresistible. Those who, by two or three days' work, or a week's work at low wages, can earn enough to supply mere animal wants, hang like a millstone on the neck of self-respecting labourers.

But there is a check upon the raising of this standard of comfort. When improved wages are spent in the best way, they raise the standard of living and activities. The labourer and his children are better fed, and cared for. Their efficiency is increased, and with it the National Dividend. The standard of productiveness of each unit of labour is raised. But so long as the economic system regulating the division of earnings and interest remains unchanged, the largest share of this increase will go to the capitalist. It is with the improvement of human machinery as with the improvement of other machinery that it redounds to the advantage of capital more than of labour. "Hitherto it is questionable if all the mechanical inventions yet made have lightened the day's toil of any human being. They have enabled a greater population to live the same life of drudgery and imprisonment, and an increased number of manufacturers and others to make fortunes. They have increased the comforts of the middle classes."¹ Their experience teaches the manual labour classes that if, by a

¹ J. S. Mill. *Principles of Political Economy*, p. 455.

more prudent manner of life, they increase their efficiency and the national wealth, the main bulk of the benefit goes to the non-labouring class. Here probably is the secret of much deplorable improvidence and self-indulgence on the part of those whose earnings would enable them to maintain a high standard of living. The English working-classes have long been noted for extravagant living. At the present time the prevalent idea is restriction of individual out-put by an Eight Hours' Act, and by miners' play-days. Probably this is due to the inherent vices of the system that has been in vogue, which has discouraged a really high standard of living, and turned a standard of comfort too often into mere self-indulgence.

At this point there enters the lists another combatant brandishing a jewel-bedecked sword—the Standard of Luxury. Probably it is the most potent factor of modern life. Ambition is a dangerous quality—a blessing or a curse according to its objects. It may drown a continent in blood if it be the ambition of a Napoleon, or link society and commerces with new bands if it be the ambition of an Edison. But of all ambitions that for money in the abstract is the most perilous. Money in excess may mean pride, luxury and sloth. The ambition for power, rank, fame, rule, implies some golden qualities, even though mixed with base alloy. But the ambi-

tion for money appeals chiefly to the most sordid and vulgar. Avarice is the master passion of those who are least under the restraint of intellect or of morals.

It grows by what it feeds upon. The possessor of a thousand a year seems rich beyond the dreams of avarice to the man who only gets fifty. He is poor by the side of another who enjoys double his income. His means bring him into the society of those in contrast with whose leisure, his work is drudgery, and his luxuries despicable. In the arena where the conflict lies in consuming as much wealth as possible, there towers above him some giant in the noble art. The down-turned thumbs of Plutocratic Society threaten him with social insignificance. Hence frantic efforts to fight with a larger golden sword. The handle of the economic lever is grasped more resolutely. The best investment must be found. Every opportunity of making gain is utilised. The inflated dividend is the breath of social life. That some may do nothing and be rich, and others may do something and be more rich: that countless petty dynasties may be founded, whose chiefs shall enjoy power without responsibility, privilege without merit, and luxury without labour, the labour of the sons and grandsons to remote generations of the disinherited, is put in pawn.

In this way there is infused into the conflict be-

tween labour and capital, a subtle penetrating power, which appeals to the least imaginative, which awakens the most enduring passions, which stirs the most sordid natures, and is under none of the restraints of noble desires. Personal covetousness, both in society and in commerce, has much to answer for. But this social covetousness, because it is the most subtle is therefore the most oppressive tyrant over the weak. There is cast upon wealthy idleness the evil glamour which makes it appear worthy of respect. To do nothing and to destroy much of what others have produced, instead of being reckoned, as it is, the basest of occupations, is, in the diseased imaginations of (so called) Christian society, esteemed the most honourable. Every scheme of Christian life, from that of the Papal See to that of the Unitarian, is fashioned, in theory, upon the model of the simple self-forgetting life of Christ. A social state in which pride, luxury and uselessness are respected, desired, fought for, even to "the continued destruction of all that is worth having in multitudes of human lives" is essentially antichristian. The religion which is in it, is that of the worship of mammon, not of Christ.

Thus the standard of comfort of the producer, and the standard of luxury of the consumer, are striving the latter to raise, the former to depress the margin at which labour becomes economically profitable. The

latter is not only, intrinsically and by circumstance, much the strongest. Also every victory which it wins, enables it to win greater victories. By its increased unproductive consumption it has "speeded up" the working of the social machinery by which this destroyed wealth can be replaced. It has thus raised the point at which the less capable can first replace their quota of what others have destroyed, and then earn a living. In other words the least competent are discharged, and are thus added to the already large army of casually employed persons who in order to live must undersell labour at any practicable point, and so increase the funds of luxury which were the first cause of their depression.

A high standard of luxury is a very potent factor indeed in the genesis of the Usury which arises out of a property in unpaid labour.

CHAPTER XI.

THE RENT OF SPECULATION A MEASURE OF USURY.

THE causes which generate unearned incomes have been noted. What is their result?

The total income derived from property must amount to £470,000,000 yearly. The gross annual value of the lands and houses or other buildings assessed for Income tax for the year ending April 5, 1890, was £197,000,000.¹ Since many small properties of both kinds would escape assessment, we shall probably be below the mark in estimating the yearly gross value of land and buildings therefore, at £200,000,000.

Again, the interest on stocks, shares and bonds is reckoned at £155,000,000.² To which must be added £89,000,000, the interest estimated by Mr. Giffen³ upon capital privately loaned or invested in

¹ Barker's *Facts and Figures for 1892*, p. 144.

² Mulhall's *Dictionary of Statistics*, p. 246. pub. in 1866.

³ *Essays in Finance*, Vol ii. p. 403. quoted from "*Facts for Socialists*."

business, after all payments for management. These calculations were made some years ago. We shall not be far wrong in placing the present total of Dividends and Interest in Capital at £270,000,000.

Some deductions have now to be made. From the gross value of house property and land one-third may be allowed off, for repairs, estate expenses, etc. This would leave about £133,000,000 as the net income. But there may also be reckoned earnings of ownership and management. The self interest of the owner prevents waste and depreciation of value by careless or dishonest tenants. Five per cent. on the total income, or £10,000,000, would abundantly reward such services. The net income from lands and buildings thereon must be at least £123,000,000.

Taking the other item of £270,000,000 of dividends and interest, there is no outgoing for repairs, also the earnings of management are much less, many share-holders and dividend receivers doing nothing whatever in the supervision of their property. Three per cent. on the income, or £8,000,000 in all, would amply repay these services.

The net income from both sources, land and buildings and other capital, is thus found to be £385,000,000.

The larger part of the Property from which this is received will have been inherited, and is therefore absolutely unearned by its present possessors. A considerable portion, however, will have been saved

by its present owners. Perhaps, at an outside estimate, £100,000,000 of annual income is derived from such sources. On the principles laid down in the foregoing pages the persons who by the effort of saving have added to the agents of production of the national wealth, deserve to be paid for this labour, as much as for any other. Let us assume that two pounds out of every three pounds of interest would, if more could not be got, be sufficient inducement to saving, then £66,000,000 must be written off on this head, as the earnings of saving. Thus we arrive finally at £320,000,000,¹ as the yearly income that is absolutely unearned by any service that has been rendered beforehand by those who now receive it. Of the National Dividend, about one-fourth part is a first charge upon industry, being consumed by, or in favour of, those who have themselves rendered no precedent service.

This is the measure of well-paid uselessness. Some of its recipients afterwards render otherwise unpaid services. But at the best such services are pre-paid, the community taking no guarantee that the

¹ To avoid the error of an over-estimate of unearned increment the deductions made in the text on account of earned interest are purposely estimated on a much more liberal scale than many would allow. In *The Socialism of Christianity*, p. 10, the statement "nearly the whole of it" would be more precisely expressed thus: "more, and possibly considerably more, than two-thirds of it."

receivers of one-fourth part of the National Income shall aid it in any way. To that extent the fruits of labour are pledged to non-labourers.

The number of these latter is indicated by the census of 1881, from which it appears that there were in the United Kingdom four hundred and seven thousand one hundred and sixty-nine¹ adult males (over twenty years old) entered as without occupation. Doubtless many of these were really engaged in some other occupation whereby the wages of idleness might be added to. Others were retired from active life, others again were yet preparing for useful life, young men at the Universities and elsewhere. After all such deductions, the number of adult males who either lived without occupation, or possessed such large means that they could have lived without it, remains enormous.

In another way we may judge of the unevenness of the distribution of wealth, which conduces to luxurious extravagance, even of incomes some of which would be said to be earned.

In the three years, 1888, 1889, and 1890 probate duty was paid upon seven thousand eight hundred and five estates of £10,000 (personalty) and upwards; the total value of such estates being £318,394,000. In the same period probate duty was paid on £466,336,000 in all. That is to say, personal estates

¹ Quoted from *Facts for Socialists*, p. 5.

of £10,000 and upwards, comprised sixty-nine per cent. or two-thirds of the total sum rendered vacant by death, and belonged to seven thousand eight hundred and five persons. Since property is found to pass by death, on the average, once in twenty-one years, it would appear that two-thirds of the personalty of the United Kingdom is in the possession of fifty-four thousand six hundred and thirty-five persons, and belongs to them in amounts of £10,000 and upwards.

Here is sufficient proof that there must be much luxurious expenditure, since fifty five thousand persons have the spending of the profits of two-thirds of the personal property of the kingdom. To give to the population of a moderate town, control over such vast expenditure, cannot but be ruinous to industry.

But the Stock Exchange exposes most effectively, the existence of vast masses of unearned interest. Whenever the dividends paid by any industrial undertaking rise above the point at which capitalists are willing to carry it on, the prices of the shares rise, the original capitalist, as a rule, passes out of the concern, and new owners take their places whose capital is invested at the current rate of interest, having due regard to the character of the undertaking.

To give a few instances. London and North Western Railway Stock paid in August, 1890, a dividend of six and three-fourths per cent. but to the investor only four and one-twelfth per cent. Similarly East-

London Water Works paid a dividend of seven and a half per cent. but to the investor only three and a half per cent. The dividend on London and County Bank shares was twenty-one per cent. but the investor only received four and a half per cent. Brunner Mond and Co. paid a dividend of thirty per cent., but yielded seven and a half per cent. to the investor. While Bryant and May with an annual dividend of twenty per cent. yield little more than seven per cent. to any purchaser of shares.

These instances might be multiplied to any extent. This occurs with all successful undertakings. When the normal profit has been passed, the capital which owns and works the undertaking cannot take any of that surplus. It all goes in enhanced price of shares to enrich the capitalist who has abandoned the enterprise. Let us see the significance of this.

The original Stock of the London and North Western Railway was £38,000,000. Its owners at the present date have paid £68,000,000 for it. And it is now being worked as though what cost £38,000,000 had really cost £68,000,000. The prices of labour and the charges for freight are all calculated on that scale. The consumer and the labourer have been exploited of a capital sum of £30,000,000.

Thus take the case of the eight London Water Companies. In December 1883, the total capital expended on the supply of water to London, was (in round

numbers) £10,000,000. But its then owners had paid for the undertakings £24,000,000. Here again, consumer and labourer are exploited of fourteen millions of capital.¹

Again the capital embarked in establishing Bryant and May's works, was £400,000. The business is now worth £1,120,000. Purchasers of Bryant and May's matches are paying as much as would have been necessary if the manufacture were nearly three times as costly as it really is.

From these examples it will be seen that taking all the successful public companies, the capital necessary to supply the public wants as they are now supplied, has been needlessly increased by hundreds of millions, to the great loss of the public who pay more than they need as consumers, or else receive less than they could and ought as labourers.²

The effect of this loading of capital may be sufficiently illustrated by one example.³ The revenue of the Railways of the United Kingdom for 1890, available for dividend, was £36,760,000. This yielded an average dividend all round of four per cent. In round

¹ Return to House of Commons, 1885. See *Financial Reform Almanack*, 1892, p. 43.

² Some allowance must be made in this argument for the fact that a (relatively) inconsiderable amount of capital has been issued at a premium.

³ Barker's *Facts and Figures for 1892*, p. 142.

numbers four millions of revenue afforded one-half per cent. dividend. Had the rate per cent. of interest and dividend been lessened by one-half per cent., there would have been available for wages an extra sum of four millions. But the wage bill of the Railways amounts, it is said, to £19,000,000 per annum. A diminution of one-half per cent. of dividend would add a little more than four shillings to every pound of wages. Any loading of unnecessary or over-rewarded capital tells heavily upon wage-earners. In any Railway Company which makes more than even five per cent. on its stock there is no economic excuse for low wages or long hours. These are solely owing to the inflated prices of stock. The public pay enough in all such cases, to remunerate capital at its current rate and to pay better wages. These above-par values of stock, are created out of cruelly long hours of work, or out of insufficient wages.

One other example may be given. On August 30, 1890, the five and a half millions stock of the Gas Light and Coke Co. was worth thirteen and a quarter millions nearly. At its market price on February 28, 1892, it was worth one million and a quarter less. Why this depreciation? It is the consequence of an effort on the part of industry to emancipate itself from the needless obligation to pay dividend on thirteen millions of capital, when five and a half millions was

the true cost of the enterprise. The responsibility for the Gas Strike which threatened to plunge London into darkness and disorder, may be traced home. It was not entirely the fault of the men, nor entirely of the direction, but of a vicious system which permits original promoters of an undertaking to abandon it, carrying off £240 for every £100 invested.

No doubt some remuneration is due where risk is encountered. But excessive inflations of capital have fostered speculation rather than encouraged enterprise. There was no such risk in starting a matchmaking factory as to entitle its promoters to a bonus of £720,000 beyond the return of their venture of £400,000.

One moral consequence may be here glanced at. In the speculations which arise out of this system, we have the fount and origin of the evil of gambling. What, it is often asked, does the honest gambler do worse than the honest Stock Exchange speculator? He is morally speaking no greater sinner. Both acts are founded on the same evil desire—that of getting money without labour. Morally the gambler and the speculator are on the same level. All efforts to quench the one will be futile, while the latter evil doer has full play.

Economically, however, the speculator is a worse sinner than the gambler. In gambling there is no economic loss. Money is transferred from one man's

purse to another. Its new owner, spends or invests it, in the room of its former owner.

But in Stock Exchange Speculation, the counters are human lives. The speculator buys for a rise a very large factor, in which rise will be the depression of labour.

By maintaining the dividend of the East London Water shares at seven and a half per cent. the investor gets three and a half. He is therefore constrained by his position to use every effort to secure the present scale of profits. The surplus has already been discounted and carried off by his predecessor in title.

Stock Exchange Speculation, skimming the cream of future as well as past profits out of labour, puts the high-dividend-paying business on a par with that which just remunerates its original expenses. Another turn is given to the handle of the lever which depresses the worker in favour of the capitalist.

The operations of the Stock Exchange fulfil two functions. The first is that of the barometer to show when interest rises up to the point of usury. When the dividend is seven per cent. and the yield to the investor is four per cent. the balance of three per cent. is economically unearned, and is Usury, and the money market proclaims the fact.

The other function is an active one. These floating Usuries out of underpaid labour give occasion for

gigantic Speculations. Operators in the money market discount these annuities wrung out of human lives, and the labourer in dealing with his new capitalist employer has to satisfy two demands, the remuneration of the capital really required for the undertaking, and that requisite to pay annuities to the original promoters or their assigns.

The cause of the evil is not far to seek. The Stock Exchange conscience has been quick to discover the unearned Interest *i.e.* Usury; but the Christian conscience has been less sensitive, and has tolerated what was economically intolerable.

There is thus drawn from the resources of the nation, a Rent of Speculation. Beyond the normal remuneration of capital and of labour there are profits which do not recompense either of the two agents of production. Capital receives its normal rate of Interest, Labour obtains its market wages. The surplus is the speculator's. The prospective values of land, and of every instrument of production are discounted. Thus to take an example, some one more far-seeing than others, or what is more likely, having more money at command, sees that land near some town will be made more valuable by its approaching prosperity. He buys for £500 a field which in ten years' time he has sold in plots for £1,500. He has added nothing to its value. But the £30 a year which he can be certain of receiv-

ing as interest on the £1,000 he has made by his venture, is simply a Rent of Speculation—a speculator's surplus. Whatever may be the immediate source to him of this income, it comes ultimately out of the labours of those who afterwards live upon those plots of land.

This is the case with all the profits of speculation when once the projectors of some real industry have been recompensed for the risks incurred in starting. Afterwards the money that is "made" out of Stock Exchange fluctuations brings to its owners an income which speculation has been able to filch from the partners in industry, the capitalist and the labourer. Its source is unearned income. Its extent may be easily illustrated. *The Bankers' Magazine* of March, 1892, gives the value of three hundred and thirty-four securities on February 22, as £2,790,535,000. Again the Bankers' clearing house return for 1890 showed that the Stock Exchange transactions for that year reached the total of £808,000,000. This was sixty millions more than the whole export and import values of the year. Besides this, large sums pass internally through the Stock Exchange. A certain portion of all this represents genuine investments in case of death and otherwise. But the purely speculative business must be enormous.

Every rise in the value of securities, however obtained, compels the new holders to put pressure

upon labour to maintain the dividends at a point which will yield the normal rate of Interest. The intimate relations between speculative values and the outside world, may be seen from the fall of five to fifteen per cent. in London Water shares immediately on the election of a new County Council.

Otherwise expressed, the mere apprehension of adverse influences resulted in a (slight) fall of the Rent of Speculation, showing how it is due to causes whose operation may be considerably promoted or checked by political action. Its relations with the expenses of production are analogous to those of other rents. It does not enter into these expenses, in the limited sense, that it is, in general, the creation of artificial causes which have kept the expenses of production below their normal level.

GENERAL NOTE:—It is not to be inferred that the current rate of interest, or average yield to investors, contains no element of usury. All that is above that is certainly usurious. Besides which every thing which unduly weakens labour, in the conflict with capital, introduces into usual interest a really unearned element. Hence in the calculation of the earnings of saving, a deduction has been made, of one-third off the estimated profits of capital saved by the present generation.

CHAPTER XII.

NATURE'S SOCIALISM DEFEATED BY UNLIMITED BEQUEST.

OF the past political laws which have favoured the massing together of property it is needless to say much. Their effects are as obvious as their intention.

The design of representative institutions is to give power to these who are considered to have a claim to exercise it for their own protection. An oligarchy of property-owners may be expected to take good care of their own interests. They would argue that in so doing they were only fulfilling the purposes of the Constitution, which would have extended those powers had it been thought desirable. An absolute Monarch will always have more regard for the multitude than a Parliament representing holders of property. For the sole ruler has more need to conciliate the good will of the populace, than those have, who are both more numerous, and command the resources of life of those who are under them. The legislation of a Parliament owing its origin to a limited franchise

may be expected to be, what it certainly was, more favourable to property than to labour.

The famous Statute of Labourers of Edward III. struck the key note of future law-making. It aimed at taking from the labouring class the enhanced economic value of their labour. One-third of the population having perished in the Black Death of the Autumn of 1348, the market value of the survivors was thus raised—but this statute deprived them of the advantage. No farm labourer, tailor, carpenter, smith, mason, tiler, carter, or shoemaker might take more, than the rate of wages current in 1347, under penalty of imprisonment; and no one might pay more under the penalty of heavy fines. Revised, and re-enacted with heavier penalties to meet renewed disobedience and evasions, this law remained on the statute book for two hundred and twelve years. Four hundred and fifty years ago a carpenter or a mason who should refuse to work unless he was paid more than 4*d.* a day, might have been thrown into gaol.¹

On the repeal of these laws in 1562 the era of "Judicial" wages dawned. Justices of the Peace were empowered to fix from time to time the scale of pay. Having been for some time obsolete, the last exercise of this power, so far as is known, took effect in 1824.

¹ Professor Thorold Rogers. *Work and Wages*, p. 213.

Of a piece with such legislation were the imposition of duties on the importation of corn, and the restraint by an Act of Charles II. on the importation of cattle from Ireland. These are but samples of laws conceived in a spirit of favour to property.

The laws are gone, but some of their effects remain. The fortunes and estates which they created may have several times changed hands, but have been centres towards which wealth has continually gravitated.

Besides these tangible results, the spirit of these laws—the quasi-sanctity of property—remains to this day. There is no such educating influence as a Law. Accepted as being politically right, it imbues succeeding generations with the belief that its substance is morally right. Generations of law-making founded on the superior rights of property over labour, which really means over men's lives, has made an abiding dint in the conscience of the nation. Hence those maxims of the Law-courts, under which it is a much cheaper crime to half-kill any one—particularly a wife—than to steal sixpenny-worth of goods, or to poach a partridge. Hence also the arrogance of Property, which in the utmost good faith, and very often on the avowal of most Christian principles, sets up a quasi-sacred claim to make as much as it can out of those who own

nothing. Attempts to raise wages, or to shorten the hours of toil have been and are to this day resented as though they were assaults on the moral order of things. In the ethic code of property owners it is sheer covetousness when the industrial worker asks, like *Oliver Twist*, for more, it is the spoliation of Property; but there is no covetousness, no spoliation of Labour, when Property exacts the uttermost farthing. In an economic contest, moral right is genuinely believed to be only with the owner of property. To forego one-half per cent. of the dividends of Railway Property would be more than enough to enfranchise every engine-driver, guard, signalman, and porter from excessive hours of toil. Yet the average shareholder would consider this as quite outside his religious duty. Why so? Because centuries, during which both the laws and customs have pre-supposed the rights of Property to be sacred, have educated owning-classes into the moral arrogance which despises the rights of living.

Two principal political laws of accumulation, however, remain in force:—Laws of Entail, and Laws of Bequest.

The former lie outside this enquiry, unless it be to note the stimulus given to the ambition for large commercial fortunes by the existence and the rivalry of large landed estates.

But the Laws of Bequest have a very intimate bearing on the genesis of Usury.

There is, as we have seen, a lawfully earned interest on capital. This has been earned by the effort of saving and waiting. But by whose labour? By the person who has saved the capital, by which the house has been built, or if the enterprise is a large one, by the labours of saving of those persons who clubbed together to build the fleet of ships, or to construct a factory or a railway. A certain payment for these services has been earned and it will repay the community thus to reward those of its citizens who have not uselessly destroyed all that the laws had given them. But accumulations, once set on foot, and especially when favoured by political laws, tend to the exaction of more than what has been earned:—a Usury, and not an Interest. Aggregation is an undoubted Natural Law. By it, under the name of gravitation the earth was formed, is now held together, and is daily enlarged, it being computed that every year twenty millions of the cosmic bodies which swarm in space, are drawn into its substance. By the same Law of Aggregation the sun is enabled to pour out volumes of heat and yet maintain its fires.

The larger attracts the less. But this centralisation of material wealth upon a select few is so injurious to those on whom it flows, and so unjust and inju-

rious to those who are thus denuded, that Nature has established a decentralising force.

The right of property is woven out of three separate rights with different bases: the economic, the moral, and the legal.

The economic is derived from labour. The legal, is based upon possession. The moral right is that of justice.

The function of the moral right is mainly to correct the faults of the other two. Moral right is partly a principle, partly a sentiment. As a principle it is applied to the due distribution of the free gifts of Nature:—land, air, water, mineral reserves—the forces and fertilities of Nature. On the principles of justice, the earth and its fulness, belong equally to all the children of men. Justice as a sentiment provides for such as are unable, by reason of youth, sickness, feebleness of mind or of body, or of old age, to secure on economic grounds a right to live. These economic outlaws are brought under the protection of the moral law. The moral right is essentially distributive.

On the other hand, the economic right of property, inherently; and the legal right of it, incidentally, are accumulative. Here Nature steps in to decentralise.

By death the economic right of property is dissolved. It was a right of *enjoyment*, and the labourer ceasing to be, cannot exercise it.

Also by death the legal right of property is determined, for it is really the right of *possession*. It is a leading principle of English jurisprudence that property is derived from occupancy.

Thus Blackstone lays it down. "Property both in land and moveables, being thus acquired by the first taker, which taking amounts to a declaration that he intends to appropriate the thing to his own use, it remains in him, by the principles of universal law, till such time as he does some other act which shows an intention to abandon it."¹

There resides in this an inherent element of injury as well as of benefit to the community. As we have already seen, and as the present condition of society abundantly testifies, with the commencement of centres of property, centripetal forces are set in motion which tend to its excessive aggregations.

Nature, however, interposes a sufficient remedy. There is no more significant act than that of dying by which the occupant of property "shows an intention to abandon it." Property based upon occupancy ceases thereupon, by the principles of universal law, to remain in him.

Death is the natural method by which a place on the earth, and a share in its fulness, is made possible, to a race which increases and multiplies, and

¹ Blackstone's *Commentaries*, Book ii., p. 9.

is withal, apt in appropriation. There is no need to consider how affairs would have been ordered in the ideal world where there was no death, and no sin—therefore no covetous expropriation. Death—it is a commonplace of Theology—is the necessary consequence of sin: it is certainly a remedy against accumulation.

An unlimited legal power of bequest, is a defiance of Nature. It is besides, a contradiction of the foundation-principle of legal estate. The man ceases—by death—to occupy, yet is invested with plenary disposal of that which the law vested in him on the sole ground that he occupied it. The law is thus inconsistent with itself. On one day, it concedes the right of property because he possesses. On the next when, by the act of God, he ceases to possess, it vests in his remains all the rights which a corpse can now enjoy,—those of disposal. A piece of paper which until then was of no greater value than as a fire-lighter becomes, in consequence of its author's death, a legal instrument, powerful, by its disposition of millions of capital, over the lives, fortunes, industry, and destinies of multitudes, who have not yet even begun to live.

No doubt the opposite extreme, that as "the law of Nature suggests, the estate should again become common, and be open to the next occupant,"¹ would

¹ Blackstone's *Commentaries*, Book ii., p. 13.

be even more disastrous. Society would be perpetually resolving itself into its original elements. Cohesion and therefore progress would be impossible. So reason steps in dictating the course to be adopted in the interests—not now of the individual, but of the community. Thus to quote once more, “Naturally speaking, the instant a man ceases to be, he ceases to have any dominion: else if he had a right to dispose of his acquisitions one moment beyond his life, he would also have a right to direct their disposal for a million of ages after him; which would be highly absurd and inconvenient. All property must therefore cease upon death, considering men as absolute individuals, and unconnected with civil society: for then, by the principles before established, the next immediate occupant would acquire a right in all that the deceased possessed. But, as under civilized governments which are calculated for the peace of mankind, such a constitution would be productive of endless disturbance, the universal law of almost every nation (which is a kind of secondary law of Nature) has either given the dying person a power of continuing his property, by disposition of his possessions by will; or in case he neglects to dispose of it, or is not permitted to make any disposition of it, the municipal law of the country then steps in, and declares... who alone shall have a right to enter upon this vacant possession, in order

to avoid that confusion, which its again becoming common would occasion." ¹

On the principles laid down in this passage the right of bequest is not inherently personal to the individual as was the right of possession during life-time. Both, considered as practically enforceable, are civil rights, in that they are creatures of the State. However just his title may be, a man cannot enjoy his property against those who would strip him of it, unless by the aid of society. Neither, except by the same aid, can he appoint who shall enjoy it after his own death.

But the reasons upon which the State confers these two rights—the right of undisturbed enjoyment during life, and the right of assignment of such occupancy—are by no means of the same kind. It confers the former from consideration of the moral right which may be conceived of as attaching to the occupant in virtue of the mere fact of his occupancy, assumed to be not unlawful. It confers the latter from consideration of advantage to the society, *i.e.* to itself; partly by the greater inducement to prudence and frugality through some privilege of bequest; partly by the avoidance of confusion should property be vacated at death, and no successor to it designated.

The very diversity of laws of bequest and succession, in different countries, and in the same country at differ-

¹ Blackstone's *Commentaries*. Book ii, pp. 10. 11.

ent times, show "how futile every claim must be that has not its foundations in the positive laws of the State."¹

For example death might mean, for anything we know, transference to a similar life on another planet. If it were so, there could arise no moral right to the control of property on two planets at the same time,—on the earth by testament, and on Mars, let us say, by occupancy. Whatever right of bequest is exercised has its foundations in the positive laws of particular States.

This civil right being thus founded on considerations of social advantage, is thus doubly artificial. Being derived from reasons involved in its consequent benefits, these reasons should be from time to time reviewed in the light of the altered conditions of life, and if public injury can be proved overbalancing the advantages gained, the same reasonable motives for allowing it will be turned into arguments for modifying a power which was never more than a privilege conferred by the State and therefore revocable.

The arguments advanced in favour of unlimited bequest are either social or economic. Under the former head it is urged to be of advantage to the State, that parents should have control over their children, and that they should be able to follow the dictates of natural affection by leaving them some

¹ Blackstone's *Commentaries* Book ii p. 13.

provision for their wants. This is very true. But then unlimited powers of bequest having confined property among a small class, have defeated both these objects. In the year 1888 only nine per cent. of the people who died, bequeathed so much as one hundred pounds. The other ninety-one per cent., or such of them as were parents were cut off from the exercise of this much-needed parental control, or the gratification of parental affection.

The economic arguments are three. The first, that persons are better encouraged to use every effort if there is granted to them full power of disposal after death of their property. This may be, but as before ninety-one per cent. are shut out from this inducement. Recent discussions on old age pensions have made it clear that the wage-earning classes living from week to week on wages, precarious always upon the accident of health, and often upon the chance of employment, either have not the ability, or are discouraged under the existing system from the attempt, to provide even for their old age.

Then it is urged that large estates are advantageous. Adam Smith pointed out long ago that the ancient advantage in large landed estates passed away when public security was guaranteed by governments. In turbulent times, the eldest son inheriting the whole estate, was better able to protect his tenantry and retainers from buccaneering invasions.

This state of things has long since come to an end.

The former commercial use of large fortunes has also disappeared. However large the undertaking, the necessary capital can always be provided in small sums, under the limited liability system. Also the supply of business ability is so abundant that in fact great enterprises are increasingly put under salaried management.

McCulloch's arguments in behalf of primogeniture, inferentially apply to the making of "eldest sons" out of fortunes made in commerce—that the emulation of the other members of a family, is a strong incentive to greater energy in rivalling the eldest son's position. In the chapter on the Standard of Luxury, it has been seen that such rivalry is a potent factor in the depression of the manual labour classes.

Hence it appears that unlimited bequest either defeats the very objects for the furtherance of which it is allowed, or in those cases where there once was an advantage in keeping large fortunes together, is now unnecessary.

The net results may be very briefly stated. Ninety per cent. of the population, "have nothing of any kind except as much old furniture as will go in a cart."¹ In the year 1888, a few more than half

¹ Mr. F. Harrison's *Report of Industrial Remunerative Conference*, p. 429.

a million of people died in the United Kingdom. Of these, seven per cent. or one in every fourteen had no home of their own to die in, their death-chamber was in the workhouse.¹ On the other hand one in every two hundred, or two thousand four hundred and forty-five persons, died "worth" ninety-nine millions—two thirds of the personalty disposed of by testament in that year.²

Further, in the year 1889, twenty-seven persons—who might form a good-sized dinner party—bequeathed personal property of the value of £ 10,000,000; while, in the last twenty-seven years, five hundred and eighty-seven persons disposed from their death-beds of personalty to the amount of £230,000,000.

Such figures indicate not only the extent to which in the past property has accumulated; they are proofs of how the process is still going on. Mr. Giffen estimated the capital value of all kinds of property for the year 1885 at £10,000,000,000. This being so, in the course of about one generation a company of people who would fill a moderately large concert hall, controlled the future disposition of about one-fortieth part of the entire National Capital. Their signatures, properly attested, to a few documents, determined for another generation at least, who should be the owners after their own

¹ Barker's *Facts and Figures for 1891*, p. 88.

² *Financial Reform Almanack for 1892*, p. 65.

decease, of that proportion of national wealth. We have seen how important to the community is the way in which property is owned, whether it be concentrated in few hands or in many. The lives, the fortunes, the morals, the miseries, the degradations, the intemperance, the unchastity, of multitudes now living, and of larger multitudes yet unborn hang on the decision of the question whether this shall be diffused, or accumulated. The decision of these momentous points is, for the most part, relegated to the graveyards. Who shall have the spending of one-fortieth of the national income, with the tremendous dominion over men's lives and actions, their bodies and souls, their sufferings and hopes, which is wrapped up in that privilege, has been dictated by less than 600 corpses lying in their coffins.¹

¹ This is literally true for his "Will" has no validity till the breath is out of the testator's body.

CHAPTER XIII.

RECAPITULATION OF THE ARGUMENT.

AT the risk of some repetition, I must now gather up the threads of the argument.

The phrase "a fair day's wage for a fair day's work" represents, not what the labourer can obtain under any existing conditions, but what he ought to and would obtain, in a state of perfect economic freedom of all parties. It is not the market price of labour but its true economic value.

Two principal conditions are necessary for this "fair wage." One, that both capitalist and labourer shall be equally free to engage in such occupations and on such terms as they may approve. The other, that the flow of business and production shall be even, and not liable to constant changes in the volumes or methods of production. Under such conditions each agent of production will be in the way to secure its due share in the recompenses of it. The money price that has to be paid to obtain supplies, either of capital or of labour, will tend to

fairness. There will be no usurious element in interest on capital. The labourer will receive the hire of which he is worthy—a fair day's wage for a fair day's work.

But great inequalities of fortune, however brought about, destroy both these conditions.

When the lawful possession of the earth and its fulness has once passed into the keeping of a small minority, the remainder, being thus disinherited, are no longer free to make advantageous bargains for the use of their labour. There is no equality in the barter between the two parties—capital and labour. Often there is the utmost inequality, as, for example, between the match-making firm which gains a dividend of twenty per cent. on its capital, and the wretched women and children who must live somehow. The lives of human beings are thrown into the scale, and the wedge of the gold of Ophir, for all Isaiah's hopes, weighs them down.

But this is not all. A class of persons is now established, who can live without labour, upon the share which they are thus able to seize, of the value of the labours of others. These persons are now economic nonentities. If they did not exist at all, and their portions were continually destroyed, the conditions of production would be unaffected.

The net aggregate sum of the commodities jointly produced last week by labour and capital, acting

upon the free gifts of Nature, is the National Dividend for that week. "It is also the source of payment for the labours of next week!"¹ Those who desire to enjoy a share of these things, must first work to replace that share or its equivalent. What they will then deserve, will be much or little (assuming the efficiency of their work) according as the National Dividend is large or small.

These calculations are, however, thrown out, by the existence of a non-labouring class, with a right to receive and consume at least one-fourth part of last week's dividend, without doing anything to replace it. What they spend, excepting what part they may re-invest, which will probably be small, for that goes lightly which comes lightly, is so much destroyed without any economic return by those who consume it. If it is to be replaced, so as to form part of next week's National Dividend, the burden of doing this falls upon others, and increases their labours, or in other words lessens their real wages.

At this point another disturbing element is felt. Things are so, that much of what is thus received, and of other incomes that are earned, is enjoyed in such large sums that it can only be spent in luxuries. Thus more than three hundred millions yearly goes to provide for two hundred and twenty thousand

¹ Prof. Marshall. *Principles of Economics*, pp. 562 and 564.

families, at the average of sixteen hundred pounds a year for each family.

This luxurious expenditure tells in two ways. Part of it, spent on needless establishments, and on those who minister to the ease, the pride, or the extravagance of the luxurious, is so much simply destroyed; the servants and other ministers of luxury rendering no services to the community, but only such as are valuable, or thought to be so, to individuals.

The greater mischief, however, wrought by luxury is its perpetual disturbance of the methods and volumes of production. Money spent to gratify the caprices, fancies, follies, to say nothing of the vices, of those whose necessary wants are already supplied, will introduce endless changes in the supply of these varying demands, and thus render impossible that "Stationary State," which is essential if the price of labour is to tend to equality with its value.

Inequalities of fortune having thus introduced wealthy idleness and luxury, have brought into action economic forces of great power, and, as things now are, operating in a sphere of vast extent, the uniform tendency of which is to deprive labour of a part of its true-value hire, and thus to enrich those who have, by robbing those who have not.

These economic forces have, moreover, been re-

inforced politically. Nature provided a rude remedy. It would have re-distributed possessions at the death of the possessor, thus nipping in the bud the evil of accumulations. The law rightly stepping in to prevent the disorder of a general scramble for unoccupied wealth, has gone much further, and by conferring upon the dying man unlimited powers of bequest, has enabled him to sin against his survivors by promoting these massings together of property which Nature abhors and would have hindered. The law has indeed gone further still.

Law is an educating force. What it allows, it is held to approve and to desire. It has thus brought to the mischievous work of accumulating property, loyalty to itself, natural affection for children, the sense of family duty, and the fell processes of pride in founding a family. Every law must be taken to have designed that which it has accomplished. Since the law might have greatly retarded the process of accumulation which in fact it has furthered, it must be supposed to have desired a distribution of property so unequal that perhaps ninety per cent. of the population have not more property than will go in a cart, while two-thirds of the property (personalty) of the Nation is owned by fifty-four thousand persons.

In short, the present condition of things, whatever its merits or demerits, is artificial. There will always

be, under the best arrangements, economic tendencies by which we have the poor amongst us. The true function of moral and political law is to counteract these tendencies.

Political laws, in many ways, of which unlimited bequest is only one, has aggravated them. Moral law, pregnant with remedies against pride, luxury, and greed, has been far too much of a dead letter, or something worse. What might have been frowned down has been tolerated—very often encouraged. Modern society is the product of laws, moral and political, working upon economic forces. Its evils are therefore, in no small measure, artificial, and so curable.

These evils are forced into prominence in the lower strata of society. There is an inexorable law, akin to the natural law of the survival of the fittest, whereby the most efficient factors of production are substituted for the less efficient. Just as the gardener throws aside his broken spade and buys a new one, and will change that for a plough if it suits his purpose, so the capitalist will use the best machinery, human or non-human, that he can get. This is inevitable, and, within due limits, essential to progress.

But when one-fourth part of the National Dividend has to be rendered to those who make no return service, there must ensue to defray this mortgage

a "speeding up" of the whole machinery. There is set up an economic covetousness which is the most pitiless of all, for the employer in every grade, whatever his own kindness or generosity, is compelled in financial self-preservation, to make the most of every instrument of production.

The first brunt of this falls upon the human machinery. New machinery is costly, and will not be bought until it pays better to discard that which is old-fashioned. An old horse must be fed by his owner, and so is sure to be well fed so long as he is worth more than the knacker's price. But there is, generally, no loss but only gain in substituting a young, capable worker, for another who is half worn out, sickly, feeble, or less competent. This latter can be left to shift for himself. If in the end he falls upon the rates, dies in the workhouse, and is buried by "the parish," the expense falls too remotely upon the employers to form part of their calculations, and in the cold cynicism of finance it pays better to incur the expenses of Pauperism than to employ the economically incompetent.

Taking London as the object lesson of wealth and poverty—thirty per cent. of its inhabitants form this economic residuum. They are "in poverty" either through irregular employment, insufficiently-paid employment, or casual employment. The high pressure competition has forced them out of the ranks. They

cannot run with the rest, they can only walk, and they are paid for their walking what it is worth. Any accident, illness, temporary loss of work, change of fashion, invention of new labour-saving machinery, sinks them down to a lower grade of inefficiency. By the time the crisis has passed they are in chronic want. They are like the cripple waiting to be helped into the healing well. Before he can hobble down some more active cripple has exhausted for the day its healing virtues. There is in Christian ethics a force which might have aided them. But it has been evaporated out of economic life under the fierce fires of unlimited competition. "That human well-being may be most effectually promoted by the simple process of leaving people to themselves, leaving individuals, that is to say, to follow the promptings of self-interest, unrestrained either by the State or by public opinion, so long as they abstain from force or fraud:—this is the doctrine commonly known as *laissez-faire*."¹ The malevolent neutrality of such economic freedom produces conditions that are really artificial, as in many aspects they are palpably degrading.

¹ Professor Cairnes. *Essay on Political Economy*, p. 241.

CHAPTER XIV.

THREE OPIATES OF THE CHRISTIAN CONSCIENCE.

LIGHT is thus thrown upon one or two popular fallacies.

There is a strange heresy, which drugs the Christian conscience into "that moral torpor which can endure that we, with our modern resources and knowledge, should look on contentedly at the continued destruction of all that is worth having in multitudes of human lives."¹ It is the belief that the useless are useful.

A very wealthy person is seen to employ and to pay a multitude of persons, servants and others; and, less directly, to partly support various tradesmen, mechanics, and professional men. All these would lose the whole or a part of their livelihood, should he suddenly take himself and his income to the Antipodes. Hence the idea that a wealthy spending unproductive class is a benefit to the community. This theory, exploded by Adam Smith one hundred

¹ Professor Marshall. *Principles of Economics*, Vol. i., p. 737

and thirty years ago, survives to this day even among fairly intelligent persons. It canonises the idle. It deifies the riches which Christ declared to be in irreconcilable rivalry with God. It is an opiate to the Christian conscience, a drag upon the chariot wheels of Social Reform.

If it were true, the moral teaching of the New Testament would be founded on false economics. The love of riches might shut a man out of the Kingdom of Heaven on earth, but it would qualify him as a saviour of mundane society.

It is a humble rôle that is thus accepted: this of sewageing the fields of industry with gold. To sit still, to spend much and to do nothing, would be—if the doctrine were true—the perfection of utility. It would be plainly ruinous in a single family settled on an island in the Pacific Ocean. It is advocated as invaluable to a nation. Done on a small scale by a person who idles away his life on the alms of a few shillings a week, it is denounced as shameful. When, however, it is perpetrated at the rate of hundreds of millions a year under the sanction of Property, it is extolled as a benefaction to the country.

The millionaire comes into a neighbourhood and gives employment by spending money right and left. How useful are rich men, is then the cry. Truly so, if no one else could or would spend it, except rich men. All that they do is by their command of the

store of past products of labour, to gain new pleasures or advantage for themselves, leaving it to others to replace what they have thus consumed. What has happened is much the same as when the deepest well in the village has been pumped dry. The neighbouring wells are lowered. There is local enrichment at the cost of remote poverty.

Accumulations of wealth, as has been seen, depress the condition of the labourer, and augment the Usury which is derived from the profits of underpaid labour. They are a burden, not a benefit.

Again light is thrown upon the rights of property.

A moral claim is laid to secure the possession of whatever profits of property are economically possible. Property, *i.e.* goods of the second and higher orders, itself has no intrinsic value. The incomings from it are the fruits of industry applied to it. Its value is therefore no fixed quantity. It may have brought in to its owner £100 last year, but this year under a *juster* division of earnings and interest it may only bring in £80. The eighth commandment is invoked by both parties. On whose side is its weight thrown? That extra £20 adjudged to the capitalist, would mean the spoliation of labour. So far from religious sanctions being, in such case, in favour of the property owner, they are against him. Religion condemns all spoliation; of labour quite as strongly as of capital. In fact since labour is usually the weaker

of the two, and the more likely to be oppressed, *a priori*, religion ought to be on the side of labour.

In practice religion is often invoked in support of what *is*, rather than of what ought to be. This is truly the province of civil laws. They uphold rights by actual possession or by contract. Moral laws give to each man his due. To buttress the institution of legal property by the eighth commandment, is the inversion of the true order, and would make religion the obedient servant of civil and economic laws, a mere auxiliary to the police.

"Thou shalt not steal," is indeed the foundation stone of the true institution of property, understood as embracing both labour and capital. It is a discriminating force, seeking to apportion justly between two claimants.

Called in like Balaam to curse social reform, it comes to bless it. It is the epitome of a property code, which was distributive in all its details. Commencing with equality of possession, it forbade accumulation saying, "Thou shalt not steal;" and to nip the desire before it had blossomed into act, it added "Thou shalt not covet." The only covetousness known to the Hebrew law was the desire for what other men possessed *when all had their due*. The coveting and stealing of the decalogue, is the desiring or the taking, not what others happen to possess, but what they ought to possess.

If there could be any doubt as to this, it is made perfectly clear in the commentaries of the time. The complaint is, of oppressing the hireling in his wages, of adding house to house, and field to field, of the splendour of ceiled houses, and painted walls. The Scriptural law of property is distributive. It is turned inside out by those who apply it to support accumulation. Thus the cry against the spoliation of property, nine times out of ten, boomerang-like, returns to wound its unskilful user.

And so the function of Christian morality emerges. It is certainly not merely to say "ditto" to the law of possession. This would be to efface itself. Certainly also it has no data upon which to decide what rate of interest is lawful.

But recognising two rights of property—in labour, and in stored-up labour,—it first seeks out, and then destroys those causes which amass wealth to the impoverishment of labour.

These must not be mere platitudes of the study. Capital, complacently, and labour, bitterly, believe that Christianity has been captured by "property." There is too much foundation for the belief. There are many signs, however, of an awakening of the Christian conscience. The claims of labour are better understood, and that is a long step towards their being conceded.

But another anodyne is applied to the conscience.

Poverty, it is thought, is to be met by almsgiving. The stirring of the conscience effervesces with the cry—what can I give? The function of wealth is thought to be the relief of poverty. Almsgiving is hushmoney, ransom, charity, according to circumstances.

Philanthropic charity cannot touch the causes of social ills. Its use is to relieve hard cases that arise in the working out of economic laws.

The habitual relief of the poor by private charity cannot fail to have much the same effect upon wages as out-door poor-law relief of the able-bodied. It depresses them. There is a class of women in East London, who, being partly kept by relations and friends, take in needle-work at such low rates that they cannot live upon them. They thus fix the scale for those who live by work of the same class.

In the cap-making and one or two similar industries, the work is harder and the pay lower, relatively to that in jam factories, because in the former case, the work is reckoned genteel enough for the daughters of clerks and others who are partly or entirely boarded by their fathers; while in the jam factories none work but the factory girl who must live by her earnings. Generally in many home industries the scale of wages is lowered by the "pocket money" competition of the

wives and daughters of the better-to-do artisans.¹

The necessity of living by what is earned, acts in much the same way as a high standard of comfort—it forces the worker to insist upon at least enough wage to live upon. The effect of a flow of charitable doles is much the same as that of the famous Berkshire experiment:—a portion of the year's wage is paid by some one else than the employer. Whether this be done by the rate payer, or the philanthropist, is of little consequence economically. Capital which has managed to skim the cream off the improvements of machinery, and the better organisation of industry, will far more easily skim the cream of charity.

Doles to the necessitous are the sweater's opportunity. The mansion house Unemployed Fund of 1888, drew to the metropolis a crowd of hungry campfollowers of the army of industry. The work to be done was not increased, but the number, already too large, of competitors for it was, with loss to every one but the sweater. He discharges his hands in slack times, and takes them on again when business improves. Meanwhile they have been kept alive for him by gifts and doles. They work perhaps nine months in the year, and assisted by charity eke out existence for the other three.

¹ Cf. Miss Collett on "Woman's Work" in *Labour and Life in East London*, pp. 468, 469.

In other words for nine months pay they are at the beck and call of capital.

This charitable assistance is necessary as things are, and is often very gracious on the part of the givers. But it is no remedy. It increases the gains of capital, and shortens the arm of the powerful lever to maintain wages, which is found in the necessity of living by labour. In the ideal state the less need of it the better.

The other branch of philanthropy is more legitimate,—the rescue of children and of adults. Those who pick out of the gutter the waifs and strays, and make of them capable citizens, or who take by the hand the fallen and the wretched victims of misfortune, folly, crime, idleness, or drink and set them on their feet again, are truly serving God and the State. There is some danger even of such help being discounted. Mr. C. Booth¹ seems to think that dissolute parents are already beginning to rely on their neglected children being cared for.

But at the best, all this only heals some of the running sores of society. While the disease itself is let alone fresh sores will break out elsewhere. The pressure of competition is continually breaking down the weaklings. What they want is not to be

¹ Such "interference may begin to be counted on, and if so it will finally stand convicted as the cause of misery." *Life and Labour in London*, Vol. i., p. 127.

helped when they have been thrown down, but rather to escape being thrown down at all. Charity at the utmost can only pump the ship—Social Reform must stop the leak.

The remedy lies not in giving, but in giving up: not in charity but in social justice. Wealth must be socialised in the earning of it, not doled out from the superabundance of unearned treasures.

CHAPTER XV.

POLITICAL RESTRAINTS UPON THE INDUCEMENTS AND FACILITIES FOR ACCUMULATION.

To what conclusions are we pointed?

Capital has been saved by efforts which deserve to be paid for. The service being personal has, however, no claim for payment beyond the lifetime of the person who has rendered it. Then the community is the rightful heir. Any profits of such capital are then due to public order and security, and the social progress consequent thereon, and to the labours of the generation then living. The public expediency of encouraging such saving suggests more than the barest rights. But as things are, any person who has saved capital can attach to his heirs for ever, the whole of its future earnings.

But this is not all. By the inequalities of condition thus introduced, capital is now able to gain a further profit from underpaid labour. In other words much of what is called interest, dividend, or profit, is really Usury.

Labour is thus plundered twice over. First, of the profits of the stored-up labour of the past, of which, after those who stored it up have been personally rewarded, it is the lawful heir. Next, and in consequence, it is deprived of a considerable share of its co-temporary earnings.

This may seem to beckon in State Socialism. This remedy, as has been pointed out, goes beyond the disease. It does not, in its treatment of the past, duly recognise and reward the function of individual thrift in the promotion of national wealth. Also, in its proposals for the future, it does not provide a sufficient guarantee that social thrift will enter in to take the place of the individual thrift that has been expropriated, discredited and penalised.

The true problem is how to maintain this lawful interest, while destroying usury. Here the broader Christian Socialism which is not bound down exclusively to mechanically economic remedies, is indicated. The old attempt to specify what exact amount of profit was usurious, and then to forbid it by quasi-sumptuary laws was an obvious failure. Its abandonment led to the experiment of complete economic freedom. In this the inherent power of money, has turned the scale in favour of capital. Hence amongst the lowest classes, misery and degradation; amongst those just above them, an almost revolutionary discontent,—are rife. The proximate cause being

undue accumulations of wealth amongst comparatively few, the remedy must be sought for in breaking up this policy of accumulation.

This may be effected in two ways: either the inducements to amassing property, or the facilities for the process may be lessened, if not removed.

Taxation has long been used for other than fiscal purposes:—as in the Excise, to restrict consumption of alcohol, in the death duties to keep property in families, and in the taxes on menservants, carriages and a few such matters, to penalise or restrain luxury. It might properly be used as a restraint upon fortune-making. An Income tax rising in poundage with the income would have its effect. The game of exploiting labour would not be so well worth the candle of resisting combination—if of every extra five hundred a year so obtained, an increasing proportion had to be handed over to the State in taxes.

A few years ago a graduated Income tax was esteemed a project of spoliation. Now the absence of it, is rather seen to be spoliation. The State, as things are, every year by an unjust Income tax plunders the industrious twice over. First it takes as much from the income which has been earned, as it does from the income which has been inherited. Next the smaller incomes which have been earned pay at the same rate out of the earned fund for the

necessaries of life, as others do out of the unearned fund for its superfluities. One-fortieth part of the necessaries of one family are taken away, in order that only one-fortieth of the luxuries of another may be taken.

Taking other imperial taxes into account the injustice is seen to be greater. It has been computed that relatively to income, the rich pay 4·96 per cent., the middle class pay 6·7 per cent., and the manual labour class pay 5·81 per cent.¹ That is to say, the poorest pay on every five pounds of their income six shillings in taxes, where the richest class would pay five shillings on the same income. The narrowest income that has been earned, often by an inadequate wage, pays one-fifth more than the largest income, much of which has not been earned at all. This is spoliation, but not of the rich.

Thus justice and expediency point in the same direction. Taxes on industry hinder its expansion. Taxes on moderate means are both severely felt, and often diminish the funds available for the best bringing up of the next generation. The ideal tax is that on unearned incomes. It is taken from a fund which ought not to exist, but being there belongs more to the community than to any individual. Its diminution lessens both luxury and idleness. It were better taxed away by degrees.

¹ Mulhall's *Dictionary of Statistics*, p. 438.

Certainly public policy demands that such taxes should be laid upon it as may check the formation of a fund of unearned income which is founded upon injustice, and is fertile in mischief.

There is one object to which such a tax might justly be devoted:—old age pensions. Labour, after providing three hundred millions yearly to maintain a limited class in idleness, cannot provide for its own old age. The proprietors of these unearned incomes may properly be required to support during old age the workers who have maintained them during their whole life. An *average* Income tax of eightpence in the pound on these incomes, on some more and on some less, would provide ten millions. Abstract justice would claim a complete maintenance for those who have been industrious. Partly to distinguish the industrious from the idle, partly also not to extinguish thrift and independence, some substantial evidence of saving should be required. But the real maintenance can come, ought to come, and can only come, out of the resources of unearned property.

That any person whose life has been industrious, and serviceable to the State, should linger out its closing years, in the privations, or under the stigma and livery of pauperism is one of the scandals of the age. A pension is simply deferred pay. Those,—and their name is Legion—whose wages have been depressed by causes beyond their own control, have

laboured on the terms of deferred pay. If they are pensioned in old age, they receive that pay. If they are not, or, as under the existing Poor Law only meagrely pensioned, they are deprived of the whole or a part of their due, to say nothing of the contemptuous treatment to which they are subjected as paupers, when they are really extinct volcanoes of wealth.

It has been seen (in Chapter XII) that in many successful jointstock enterprises, the profits above a certain margin serve no economic purpose. The margin varies with the risks of the undertaking, from little more than four per cent. in the best railways to seven per cent. and more; being always high even in the soundest banks owing to the cover of uncalled capital which is necessary. Thus when the dividend of the Midland Railway was six per cent. the yield to the present owners was four and one-sixth per cent. The difference between these two rates really passed to the former owners. What cost thirty millions in the first instance costs its present owners forty-four millions. The profits of the railway as a going concern have to remunerate a capital of fourteen millions beyond that which founded it. A certain portion of this extra capital in the first instance remunerated the risks of the original investors. But the share which they received, if any, was only a moderate sum, and ought not to have been more.

This is the case with capital measured by hundreds of millions. The persons whose capital now works these enterprises gain no advantage from high dividends. Since they have paid out former owners by a heavy premium, the effect is the same as if they had to pay to the former owners the difference between the actual dividend, say of six per cent. and the yield to the investor of four and one-sixth per cent. That is to say, the profits above the current yield of capital in any class of investment, does not remunerate those whose capital is now carrying it on, and is a deduction from the earnings of the labourers. It flows away from the enterprise altogether. Neither of the two parties occupied in it, reap any advantage, and one is directly injured. This difference, which amounts to many millions yearly, is a Rent of Speculation. As it rises and falls, it is tossed to and fro among speculators, and forms the ground work of vast gambling transactions. Public policy requires both on moral and on economic grounds that the Stock Exchange value of shares shall be kept as nearly as possible on a level with their original value. Is it beyond the power of Statesmanship to deal with this Rent of Speculation?

As regards future companies it can be kept within bounds. An Income tax might be levied on the profits of a company when these rise above a certain margin, to be paid in addition to personal

Income tax. In other words the State might lay its hand upon those extra profits, which after a time are certain to flow away from the *necessary* capital. Or it might be provided that when shares reached a certain premium, there should be conceded to the employés or the public a right of purchase of a certain number, to be drawn by lot. This would, as with bonds redeemable at par, keep the price down. The premium should be fixed at such a sum as might fairly remunerate risk, but should not be raised too high, for risky undertakings are not to be encouraged.

This would involve publicity of accounts, after some specified form. It is well known how J. S. Mill advocated publicity in limited liability quite as strenuously as the principle of it. Certainly the concession of so great a privilege as exemption from the ordinary responsibility of business undertakers to pay all their debts, justifies any such requirement.

How to deal with the Rent of Speculation which already exists is a different matter. An Income tax is always legitimate. Moreover, if the rights of property are to be held as absolutely inviolable no reform is ever possible. The rent of farm land, has been reduced thirty per cent. by the repeal of the corn laws. The Rent of Speculation, which is so iniquitous in its origin and demoralising in its influence, is hardly more sacred than the rent of land. There is no

difference in principle, in reducing one more than the other, unless it be that the speculator's gain are less worthy of consideration. On the other hand the stress upon labour is not only cruel, but so politically disquieting that it may find more violent remedies.

The above are merely thrown out as suggestions. Other means of reducing the Rent of Speculation may be divided. Whatever does impose limits upon it, will check the exploitation of labour. The motive thereto will be weakened in proportion as its gains are reduced. An impetus will be given to profit sharing, or to some form of joint ownership between capital and labour, by any method which sends the profits above a certain point away from capital. The gambling capitalist thrives upon usury. Evict him and a truer level will be found between earnings and interest.

The artificial facilities for accumulation can only be restrained by placing some limit to the absolute power of bequest now enjoyed.

Although possessions are due to general industry and public safety and progress as well as to the individual's energy, their owner after his death can dispose of them as completely as though he were their sole creator, and no one's interest but his own were involved. Excepting what he has enjoyed under some settlement, the remainder is subject to the dead

man's autocratic will. The power thus exercised is, as has been noted, no natural, nor social right. It is a civil privilege, conceded upon reasons of supposed advantage which obtained under totally different conditions. In France no such power is now permitted. The dying owner can dispose by will of a small portion of his estate, contingent on the number of his children. It is divided into shares more numerous by one than there are children of the testator. Each of these children inherits one share, the testator disposes of the one that is thus left vacant.

English law while granting absolute disposal favors bequest among the nearest relatives, the legacy duty varying from nothing to husband or wife to ten per cent. to a stranger in blood. This is a survival of the times when fortunes being smaller and more equally distributed the family affection of the enterprising was thought worthy of a stimulus. In these times of accumulateness, the rule might be reversed to this extent that, after a certain sum has been bequeathed to lineal relatives, a much higher duty should be charged upon further bequests to them than to collateral relatives or strangers.

The principle of this already forms part of the law. Legacies to the Royal Family are free of duty, *i.e.* are encouraged. But as many of the powers and privileges of the Crown have in the flux of time lapsed to the Commons, so without any breach

of continuity might this encouragement of bequest to the Crown be extended to bequest to the community.

Other abridgements of bequest have been suggested. Some have proposed that there should be attached to the testator an incapacity to bequeath more than a fixed sum to any one person. J. S. Mill favoured the other suggestion of an incapacity in any one person to inherit more than a fixed sum, with an exception in favour of the inheritors of large houses and mansions. These objects might be promoted more smoothly by legacy and succession duties on an ascending scale and rising to a high percentage when large fortunes are inherited. Or again, the principle of Mr. Goschen's estate duty of one per cent. on estates of £10,000 and over might be extended, both upwards and downwards, very high estate duties being charged on an ascending scale as fortunes increased in magnitude. The principle is already adopted, but inadequately carried out. Thus on an estate of £500, £10 is paid in Probate duty: on £1000, £25 is paid, and above that £30 on every additional £1000, until the limit of £10,000 is reached, when a further one per cent. is exacted as estate duty provided there is only one inheritor. The principle is admirable that large fortunes shall pay on a higher scale. But it is inadequately applied. On a small property the burden weighs heavily. On large fortunes after an extra one per cent. has been

added, accumulations, however large, escape any further increment of estate duty. The man who leaves £1,200 as provision for his widow will have his estate charged at the rate of three per cent. ; while the millionaire's estate of a thousand times the value will contribute at the rate of only four per cent. The thin end of the wedge has been inserted, it only needs to be driven well home.

It cannot be urged that by any of these methods the rights of the living would be infringed, for they have no rights, but only expectations. Expectant heirs are at the mercy of every whim of the possessor of unsettled property. A second marriage may, and often does, disinherit a whole family of sons and daughters. Or all may be left to the widow, who even at the age of eighty may transfer her children's patrimony to a wealthy suitor. The very completeness of the testator's powers, makes it easier to remedy the mischief. The power of the dead man's hand is so despotic that every individual member of the whole society is deprived of any shadow of a right to the personal property which by this last will and testament the deceased is grasping. The only rights that will be curtailed are the rights of the deceased.

In the case of small properties these prospective rights have their advantage in stimulating enterprise. Large accumulations are so injurious to

the community that for every person whose expectations of a large inheritance are abridged, hundreds of others will find their prospects improved. In this case, as in others, the rule of civil life holds, that the good of the many must prevail over the advantage of the few. The motives for large accumulations are at the best, ambition. In proportion as they are discouraged, will the ability and therefore the motives to smaller thrift be fostered.

It is thus abundantly clear that without any violent dislocations, such as would shake the foundations of public security, much might be immediately done by the wider application of principles already acted upon, both to lessen future inducements to the massing of property, and to break up into smaller fractions existing accumulations.

In this as in all true progress, the rule *Festina Lente* applies. Every short step that was taken at first, and at once, would make much longer steps more possible and more prudent.

Numerous precedents exist for dealing with income, and bequest. Thus Income tax is charged on the funds of benefit societies. There are co-operative societies for provident purposes. Individual co-operators though not otherwise chargeable with Income tax are taxed upon the provision they have made for sickness or burial. Here is a precedent for an

Income tax on the income of joint-stock companies apart from any personal Income tax payable by individual shareholders on the incomes drawn from it. If it is not unjust to tax co-operators in saving, it cannot be unjust to tax co-operators in production. A company Income tax which is levied when the dividend rises above the normal interest on capital would not be a tax upon industry, being charged upon that producer's surplus which "does not enter into the expenses of production."

Again the rates levied upon the Tithe Rent-charge which is received subject to the performance of the duties of an incumbent, are really a tax upon an earned income. A clergyman who receives an income of £120 a year from Tithe Rent-charge in consideration of the discharge of his parochial duties will, *crede experto*, pay upon that sum in the form of Rates, an Income tax of £17 odd, or about 2s. 11d. in the pound. If it is just that an earned income of £120 should pay an Income tax of 3s. in the pound, it must be unjust that an unearned income of £1,200 or of £12,000 should only pay at the rate of 6d. in the pound. Here in the taxation of the clergy is a precedent for a very heavy graduated Income tax on the wealth of the idle rich. Property owners when they had Parliamentary power did not think it unjust to levy an Income tax of about 3s. in the pound on clerical incomes. They cannot complain if the Proletariat carry out to its logical con-

clusion their own principle of taxation, by imposing at least as much on unearned but very much larger incomes.

Yet once again, the owners of land in the neighbourhood of industrial centres, have, as a matter of fact, severely limited the powers of bequest of the public. To take one example out of many, Edgbaston in the suburbs of Birmingham comprises square miles of land covered with villas and other houses, erected for the most part at the expense of individuals others than the owner of the site. The value of these buildings must amount to some millions. Yet the persons who have spent these millions possess only a very limited estate in the houses which they have built. They cannot dispose of them by will beyond the term of the lease on which they were granted the right of building. When that has expired, the whole property passes, *ipso facto*, to the heirs of the original owner of the site. If an individual may thus use his powers to limit the powers of bequest of his fellow-subjects, the State, which is the sole fountain of legal rights, cannot be disallowed the right to limit powers of bequest in any way that may be for the general public advantage.

While, however, precedents are not wanting, the broader grounds justifying intervention are found in the fact, that unlimited power of bequest, allowed

in one tenth part of the community, has abolished the power of leaving anything worth speaking of, in the case of the other nine-tenths. Moreover, inas-much as the creation of property, and its value afterwards, are, in very great measure, due to the progress and stability of the society, this latter body may justly claim against any individual, a potential voice, at the least, in the disposition of the estate after the owner's death.

CHAPTER XVI.

THE DIFFUSION OF WEALTH DRIES UP THE SOURCES OF USURY.

THE effect of the changes sketched in the preceding chapter must be a greater diffusion of capital. When the waste pipes in the rainwater tank are closed up, the water will brim over the edges at all points. If capital is hindered from flowing into the possession of a few, it must, unless its growth be hindered, be spread abroad among the many.

There is, of course, one way in which the fund available as capital might be curtailed. This fund is the excess of the produce of labour over those things which are necessities of life for the producers. If the efficiency of the labourers, either personally, or by an inferior organisation of industry be lessened, this excess will be correspondingly reduced. Events are, however, making it clear, that the organisation of industry, does not now, as formerly, depend upon large private fortunes. The limited liability system has changed all that. Paid manage-

ment, with acquiescent shareholders, is now the rule. In proportion as shareholders take a dormant part in directing the business, does it matter less whether they are many or few, *i.e.* to say whether the capital is contributed in small shares or in large. Since the greatest undertakings are, as they now are, conducted on the joint stock system, and inasmuch, moreover, as private firms are continually transforming themselves into Limited Companies, we have the clearest, because a practical, proof, that large accumulations in private hands are no longer necessary for the effective organisation of industry. Therefore no fears need be entertained as to the continuance of the fund out of which future Capital must be formed. So far as it depends on the productiveness of Labour, it will not be less, but will presumably be greater.

On the other hand, so far as it depends upon what is consumed as necessities of life this excess will be greater. Large private fortunes mean a high standard of the necessities of life, with a corresponding extravagant consumption. As fortunes are lowered and equalised this unproductive consumption will be diminished. The excess fund available for capital will be greater than it now is. There will be an increased ability to save.

Several causes will also increase the disposition. For one thing people are more disposed to do

that for which they have opportunities. All that most can now do, is to put a few pounds into the savings bank, without much, if any, prospect of ever being able to invest it in any palpable form that appeals to the imagination. But should accumulations be broken up, capital must trickle down into lower social strata, bringing opportunities of small investments within reach. The passion for saving in France to purchase "*Rentes*" is well known. In England as a more industrial nation, it might find a wider exercise. When once property has been more thoroughly diffused there will be in the market, through death and otherwise such a constant choice of small properties, in Land, Houses, Shares, etc., that the opportunity will help to breed the will to save.

Again the multitude of small proprietors will by the force of example, substitute a standard of saving for the standard of extravagance which too often prevails. Mankind is very much influenced by its human environment. Where most of the neighbours own something, those habits of thrift whereby their example can be emulated will spread their roots.

Also, small proprietors are apt to be more saving than large ones. Those whose means are assured are apt to bring up the eldest son on their own scale of expenditure, and to quarter the younger branches of the family upon society by means of

the various lucrative offices which interest can secure. Persons of humbler means aim rather at giving all their children a good start in life in various productive industries. The latter augment the fund available for capital, as much as the former draw cheques upon it.

Thus in various ways, greater diffusion of property tends to increase both the ability and the disposition to thrift. It will also, in more than one way, lower the rate of interest.

This will result from the greater abundance of capital, which besides belonging, much of it, to small proprietors, will be less likely to migrate. But other causes will also tend to lower the rate of interest.

A high standard of Luxury presses the rate upwards. Persons of small means, with a false standard of worth which requires them to live both in idleness and in gentility—it is these to whom three per cent. seems paltry. These with visions of seven per cent. as the very least that will suffice their wants, are the prey of the company promoters. But a wholesome belief in the honourableness of earning a living, together with lower standards of luxury will breed contentment with a lower yield. The new class of investors, with humbler views of life, and looking chiefly for a provision for old age will be even less exacting.

But the main cause of a lowered rate of interest will lie in the emancipation of industry. In proportion as property is diffused among the wage-earning classes, will they be strengthened in the labour market. There will be less need, and less desire, for the wasteful machinery of strikes which seek to improve the condition of workers by stopping industry. Men will not wish to injure a property in which they have some other interest beyond that of drawing from it weekly wages. Anything which legitimately strengthens the wage-earner when he offers his labour for sale, will help to dry up these sources of property in underpaid labour, *i.e.* of Usury.

It may be urged that the mere breaking up of accumulations of property cannot have such far-reaching effects. But judging from experience there is good reason for the expectation.

From the legacy and succession returns of 1840, it would appear that society then consisted of five million two hundred and ten thousand families who were divided thus. There were eighty-six thousand eight hundred and thirty-three families of the rich class, seven hundred and eighty-two thousand one hundred families of the middle class, and four million three hundred and forty-one thousand and sixty-seven families of the working class. By similar returns for 1877, the number of families had increased

to six million seven hundred and seventy-six thousand, a rise of twenty-eight per cent. Had the relative conditions remained unaltered, the rich families would have been increased by twenty-four thousand three hundred and thirteen; the middle class by two hundred and eighteen thousand, nine hundred and eighty-eight, and the working class by one million two hundred and fifteen thousand four hundred and ninety-eight families. In fact, however, in 1877 the classes had increased as follows: Rich families by one hundred and thirty-five thousand six hundred and sixty-seven, or one hundred and fifty-six per cent.; middle class by one million forty-two thousand three hundred, or one hundred and thirty-three per cent.; while the working class had increased by only two hundred and eighty-eight thousand and thirty-three families, or six per cent.¹ That is to say, in those thirty-seven years, nine hundred and twenty-seven thousand four hundred and sixty-five families passed out of the ranks of the working class into the classes above them, while the rich class was augmented by one hundred and eleven thousand three hundred and fifty-four families above its normal increase.

These figures are very significant. They show that forces have been at work lifting people upwards, but especially into the ranks of wealth, the increase of the richest being by one hundred and fifty-six

¹ Mulhall's *Dictionary of Statistics*, p. 473.

per cent., and that of the middle class by one hundred and thirty-three per cent.

This was the case, although as has been pointed out, economic and political forces during that period were tending strongly towards accumulation. Nevertheless the class without property decreased by twenty-two per cent., and the class possessed of moderate property increased by one hundred and five per cent.; in both cases the increase and decrease being reckoned relatively to the normal rate of expected increase. Clearly then there were strong forces counteracting the accumulative tendencies.

Here there is a hopeful augury. If in some way as sketched out, these strong accumulative forces can be broken down, then those forces which in the past have been elevating the working classes, being no longer impeded, or very much less impeded, will be able to work out an amelioration of the wage-earning classes, such as will be beyond any experience in the past.

These effects may be easily traced out in the three main divisions of society:—property-owners, wage-earners, and the residuum of economic incapables.

Let it be supposed that by a high tax upon exorbitant incomes the motives for obtaining them were severely checked; and that by limitations of bequest or succession, fortunes that have been accumulated

were rapidly divided in much smaller shares among a much larger number of heirs. Two potent socialising forces would now be set permanently in motion, the one touching the springs of action, the other distributing the national wealth. It would be folly to heap together wealth of which year by year the State would take a heavy toll. What has been already massed would be automatically divided out again. We have already seen that there is nothing in this to check industry and thrift. Ambition, carelessness, and luxury would be penalised. Obstacles to national prosperity would be removed, its healthful causes fostered.

The least result would be the raising of considerable funds by this extra Income tax and these heavy death duties on large properties. So much wealth would every year be thus socialised. There would be no lack of funds from which to subsidise the pensions of worn out toilers. Increased death duties might be fitly applied, in honorable competitive socialism, to destroy not the fruits of thrift, but vested interests in usurious profits.

Two years ago, five thousand seven hundred and two persons died worth more than £4,000 each, bequeathing a total of £136,000,000. This is about the average of every year. Had a law been in force prohibiting, with necessary exceptions, any one person from inheriting more than £4,000 for example, that vast sum of £136,000,000, and a similar sum every

subsequent year, would be diffused over larger areas. Each of these smaller inheritances would henceforth be centres of dissemination instead of, as heretofore, accumulation. For the new class of owners having less to leave behind them, would be compelled by family affection to apportion their estates in sums considerably less than the legal limit. Thus the first generation would see large results of legally compelled distribution. Succeeding generations would find social forces coming in to quicken the law's action.

For the moral effects would be very great. The Law of Unlimited Bequest educates people into ideas of accumulation. Like the laws of primogeniture it sets up a fashion of large fortunes. A strictly limited power of bequest is an educating force in the opposite direction. Vast numbers of persons who now, being disinherited, strive and push to raise themselves by fair means or foul to the level of wealthy relatives or neighbours, would themselves be heirs of a moderate share, with a strong hint from the State that it was not their interest now to lay up excessive treasure upon earth. A lower standard of fortune, and therefore of unproductive consumption, would be set up. Distributive socialism would be rapidly permeating the community, and with accelerated velocity in each succeeding generation.

The effect upon the wage-earning classes would be felt in two ways. First, the strain upon the orga-

nisation of industry would be weakened. The competition of capital for extra profits would slacken, as the enjoyment of them when realised was curtailed. Next, capital filtering downwards in small sums would come within the grasp of wage-earners, stimulating by its opportunities that thrift and self-dependence of which Benefit Clubs, and Building Societies have given such ample proof. Thus capital in its usurious tendencies becoming weaker, and labour by its participation in capital becoming stronger, the two agencies, now so often in conflict, would be drawn together. Nothing tends more to "peace with honour" between two parties than an equality of strength. A great impetus would thus be given to the movement for still further diffusing capital among the wage-earners by profit sharing and co-operation. There would ensue a continual levelling down of capitalists, and a continuous levelling up of wage-earners—both processes tending to a continuous destruction of property in underpaid labour.

Professor Marshall estimates that about "£100,000,000 annually are spent even by the working classes, and £400,000,000 by the rest of the population of England in ways that do little or nothing towards making life nobler or truly happier."¹

Here indeed is a nest-egg of prosperity, if only we can prevent its being addled every year, as it now

¹ *Principles of Economics*, Vol. i., p. 747.

is. This £400,000,000 a year, when the standard of fortune, therefore of luxury, therefore of unproductive consumption, has been lowered, will be absorbed into the productive consumption of the nation, instead of being wasted by the few. This £100,000,000 a year, when the standard of prudence has been raised by opportunities for its exercise, would become a lever of elevation, instead of being, as now, too often, an instrument of degradation.

We have seen how strong was the upward movement in the period from 1840—1877, even when labour was passing through a time of great weakness. It is obvious that when the tendency to accumulation is checked which increased the richest class by one hundred and fifty-six per cent., what they lose will percolate downwards. A variety of forces tending to the emancipation of industry would have a freer action.

There remains the large class of various shades of poverty, forming in London at least, nearly one-third of the population. These, for the most part, form a sediment from the classes above them. The poorest of them, those in chronic want, are not as a rule born into their class. They are the waifs and strays who have drifted downwards. The whole class consist of economic pariahs from society, because they are economic incapables. They are in casual, irregular, or poorly-paid employment because under

the high pressure competition of the times they are not worth a happier lot.

First the recruiting sergeants of this army of poverty would be shorn of much of their power. Intemperance, unthrift, misfortune, sickness, accident, the premature death of the breadwinner, incapacity whether, physical, mental, or moral, bring individuals down from the regularly employed, fairly paid wage-earning classes. For a trifling (economic) fault the offender is reduced from the ranks. But under a more equable diffusion of the means of living every one of these causes of depression would be weakened. Added to which there would be less of that recklessness which often breeds a new progeny of incapables or vicious. The environment would be healthier.

But further, the pressure upon those who do sink, or are on the point of sinking, would be less severe. The fierceness of the competition for financial existence would be moderated, when there was no longer a first charge upon industry of perhaps more than £300,000,000 a year in maintenance of uselessness, to say nothing of a foolish and extravagant spending of real earnings. There would not be so many weaklings evolved out of the system. Such weaklings as did exist, would not be relatively so feeble, for the depressing conditions of their lives would not be so strong. In other words there would be fewer and weaker causes at work manufacturing incompetence,

degradation, and misery. The hideous output of demoralised humanity would in time altogether cease. So long as human nature is weak we may expect to have the poor always with us. But the artificial manufacture of hopeless, and often brutalised poverty might at least be abandoned. The motive power of its machinery will be quenched by any of these methods for the extinction of property in underpaid labour.

Parallel with these movements, the principle of Collectivism might be applied in fair competition, especially in those industries which like gas works, water works, tramways, etc., are partial monopolies, much of the profits of which are as entirely due to the industrial prosperity of localities as are ground rents.

The methods suggested in the foregoing chapters would have already eliminated a great part of the artificial profits of these undertakings, and so made them purchaseable on much easier terms, should municipal ownership be desired.

The two movements, of distributive socialism and of competitive socialism would work on converging, but never absolutely identical lines, after the manner of the hyperbola and its asymptotes. The trend would be towards a fusion of (the now) mutually destructive classes, and to the ultimate extinction of the property in underpaid labour, which the world for centuries has branded as Usury.

CHAPTER XVII.

SOME MORAL FACTORS OF THE PROBLEM.

THE problem of usury and interest has been treated in these pages from the point of view of the facts, the necessities, and the general economy of English life. The social question in each nation will be largely determined by hereditary character and circumstances. In the case of England, insular position, colonising aptitudes, manufacturing supremacy, capacities for self-government in combination with traditional conservation of many Feudal Privileges and Powers, have differentiated the social question from that of every other nation. Not the least important among these factors of the problem, are the ethical peculiarities of the English temperament. A few sentences may therefore be fitly added in conclusion, on the uncovenanted moral activities which are thus infused into our own movements for Social Reform.

In the balance of Nature there is, as a rule, a corrective for every mischief. Thus, if, as has been often said, the religious reformation of three cen-

turies since, imported strong individualising forces into the English Polity, there has also been set at work, a powerful counteragent, in the strong personal grasp of moral truths which was the inevitable consequent of the religious movement. Without entering on the discussion of the possibility of any other origin of ethical ideas, there can be no doubt that Christian Ethics connote the intuition of an Absolute and Eternal Law of Right, existing outside the individual, and not limited by his own perceptions or sensations of its existence.

Such a law is essentially socialising in its effect upon conduct, since it provides for the rights of men, considered not as individuals, but in their relations to one another and their Author. One remarkable feature in the English character is the personal apprehension of this Absolute Law, which first necessitated the Reformation, and then was continually educated into fuller developement by its accomplishment. Though, therefore, there was a serious loss of socialising influences, in the resultant weakening of ecclesiastical authority, the door was opened for a corresponding gain, to be found in the Englishman's habit of making moral truth his own, by the rigorous application to it of individual judgment; provided of course that these moral sentiments be rightly directed. It is certain that in no other country are the moral factors of the problem so im-

portant to social reform as they are in England, though it must also be admitted that, hitherto, they have lain dormant, or even have been active on the wrong side.

For this, the time honoured confusion between Usury and Interest, coupled with the obvious utility, necessity and propriety of the latter, has been, in a great measure, answerable. Thus the religious condemnation of Usury has been, except in flagrant instances of extortion, as much a dead letter in modern ethics, as the Hebrew ceremonial of sacrificing animals for purposes of worship, is in modern ritual.

The attempt has been made in the foregoing chapters, but with what success the reader must judge, to show that the ancient sin of Usury constantly reappears in our life of to-day, though generally under some disguise, which it is by no means always easy to strip off. The moral bases have also been pointed out of that political action, which abandoning as inoperative, except for harm, the unscientific attempt to discriminate, by a hard and fast line, Usury from Interest, shall nevertheless set itself, by indirect legislation, to dry up the sources of the former. In promoting this moral appreciation of the issues involved there is as great scope for the moralist as for the statesman.

But besides this function of levelling the road for

the royal progress of political laws, there is a wide field for moral activities. The habits of judgment and of living may thus be placed under a wholesome education.

This practical revival of the spirit of the religious Usury Laws, in the form, under which they are expressed in the New Testament, of the repression of the desire for abnormal wealth, touches the very mainsprings of human action, and is irreconcilable with the postulates of economic freedom. The moral right to much that is, in fact, possessed, is called in question, and the conscience cannot be satisfied with the mere reply that such possession is an economic possibility. A healthy casuistry will enquire into the distinctions between Usury and Interest in the concrete, as well as in the abstract.

Probably no surer element of stability can be induced into present-day society, than that which would follow such a Christian Revolution in the judgment as to the sacredness of property in the stored-up labour of the past, as shall recognise with the broadest sympathy a pre-dominant sacredness of the worker's own property in his labour of to-day. The creed that property may lawfully take as much as it can get, is only a repetition, with economic variations, of the old and dangerous symphony that "Might is right." It is a strain that could be played with other variations, by those who wield the power

of numbers. The conditions of stable equilibriums are attained when economic rights and political powers are tempered and restrained, according to the ever-varying needs of the time, by moral rights.

There is another sphere for the working of the moral sense. It has to form a healthy public opinion as to the discreditable nature of abnormal wealth. The social "respectability" of riches works the seesaw in which the depression of Industry is as deep as the standard of Luxury is high. A huge bonfire is daily kindled of the rightful property of the labourer. An unfair command over the enjoyments of living is obtained at the expense of depriving many of a fair share of the leisure, cultured comforts or even necessities of human life. How can such a state of things be deemed respectable? The persons so deprived may not always be the particular workers from whose labours that wealth has been directly gained. Their treatment may have been passably fair, their lot not altogether, or at all, wretched. The pressure upon them may have been by no means severe. But an inexorable Law of Substitution will have been sending that pressure downwards with ever-increasing momentum, until upon the lowest social stratum, as upon the water at the bottom of a deep tank, the weight of circumstances is an intolerable burden. In this way the crowds who are "in poverty," the multitudes "in

chronic want," and the "sweated" generally, are the victims of an intricately connected social system.

In this sense "a fortune can only be made out of the misfortunes of others."¹ It may have been earned. The inventions of the Bessemer process, or of the Telephone and Phonograph, are worth to mankind many millions, and would be cheaply purchased at that rate. But there is no guarantee that the reward will come out of the pockets of the people who have most benefited by the invention. There is rather a certainty that under the system in vogue the burden of payment will be shifted from one to another until it finally rests, not upon the economic beneficiaries, but upon those who are economically and socially the weakest.

They pay, in degradation and wretchedness, in indecent housing and in precarious living, in shivering and toil, or worse still, in want of the permission to toil, in an aimless, hopeless "procrastination of death," the penalty which Nature exacts for the breaking of those laws of hers which would have socialised among the living the perishable fruits of the earth.

As these things are realised, may we not look for a growing sense of shame at even being rich. From the intellectual point of view, the desire of abnormal wealth is despicable. From the Christian point of

¹ See *Socialism of Christianity*, p. 65.

view it is immoral, as involving Usury. From the economic point of view the realisation of the desire, means to multitudes the toils of semi-slavery and the misery of chronic want.

The plea for liberty has been urged by those to whom it means liberty to rule over men's lives, and to waste the products of their labour. There is another plea for liberty which thunders on the sensitive tympanum of the moral ear—the liberty to lead human lives, of progress, of culture, of hope,—in a word, of manhood—which, in the Christian ideal, connotes the likeness of the Divine.

THE END.

BY THE SAME AUTHOR

CROWN 8VO., PRICE 2/6

THE SOCIALISM OF CHRISTIANITY.

Some Opinions of the Press.

"Takes high ground against the present order of things as unchristian."—*Times Weekly Edition*.

"A very admirable little work. . . . We have no hesitation in saying that it is one of the most valuable contributions to the subject that have yet been written in popular form. . . . A truly human document, thoroughly characteristic of the spirit of the day."—*Echo*.

"It is written freshly, forcibly, often boldly. . . . Altogether a very useful, wholesome and stimulating tonic on Social Ethics."—*Daily Chronicle*.

"The book will make its readers think."—*Guardian*.

"Shows a real anxiety to lessen the frightful anomalies of modern civilization by the fearless application of Christian principle."—*Baptist Magazine*.

"A most readable and valuable homily for the times. The exposition of "the Socialism of Sinai" and "the Socialism of Nazareth" is admirable."—*English Churchman*.

"A token of the growing sympathies of Churchmen with the Socialist tendencies of the day."—*Sheffield Independent*.

"A sign of the times."—*Manchester Guardian*.

"A notable work. . . . Well and forcibly written."—*Newsagent*.

"A thoughtful and well-reasoned work. . . . which may be commended to the notice of all who have courage to look facts and principles straight in the face."—*Leicester Chronicle*.

"Mr. Blissard has written so courageously, that his book cannot be neglected."—*Christian Leader*.

"Mr. Blissard is apparently the very kind of man the Church and the Churches need. He burns with shame at the inequalities of fortune brought about by the reckless greed of men, and he believes a Church is no Church that does nothing to remedy the evil."—*Inquirer*.

"What Mr. Blissard has to say should be studied by every man who wishes to get a firm hold of the principles that underlie and justify the new movement in favour of a more equable adjustment of the conditions of social life, and that will control its tendency to extreme courses."—*Western Mercury*.

"A work peculiarly characteristic of the new era. . . . The reader is throughout struck by the candid and fearless way in which Mr. Blissard approaches his subject. While his language is everywhere that of soberness and moderation, our author does not shrink from enunciating doctrines and precepts, which eminently reasonable and scripturally orthodox, are not the current social coin of Christian Churches. . . . We are pleased to direct attention to this work, which deserves to be widely known and read."—*W. Yorkshire Pioneer*.

"The work is brought to a very practical conclusion by an admirable chapter devoted to the 'Life of the Incarnation.'"—*The National Church*.

OPINIONS OF THE PRESS

ON THE

SOCIAL SCIENCE SERIES.

“ ‘The Principles of State Interference’ is another of Messrs. Swan Sonnenschein's Series of Handbooks on Scientific Social Subjects. It would be fitting to close our remarks on this little work with a word of commendation of the publishers of so many useful volumes by eminent writers on questions of pressing interest to a large number of the community. We have now received and read a good number of the handbooks which Messrs. Swan Sonnenschein have published in this series, and can speak in the highest terms of them. They are written by men of considerable knowledge of the subjects they have undertaken to discuss; they are concise; they give a fair estimate of the progress which recent discussion has added towards the solution of the pressing social questions of to-day, are well up to date, and are published at a price within the resources of the public to which they are likely to be of the most use.”—*Westminster Review*, July, 1891.

“ The excellent ‘Social Science Series,’ which is published at as low a price as to place it within everybody's reach.”—*Review of Reviews*.

“ A most useful series. . . . This impartial series welcomes both just writers and unjust.”—*Manchester Guardian*.

“ Concise in treatment, lucid in style and moderate in price, these books can hardly fail to do much towards spreading sound views on economic and social questions.”—*Review of the Churches*.

“ Convenient, well-printed, and moderately-priced volumes.”—*Reynold's Newspaper*.

“ There is a certain impartiality about the attractive and well-printed volumes which form the series to which the works noticed in this article belong. There is no editor and no common design beyond a desire to redress those errors and irregularities of society which all the writers, though they may agree in little else, concur in acknowledging and deploring. The system adopted appears to be to select men known to have a claim to speak with more or less authority upon the shortcomings of civilisation, and to allow each to propound the views which commend themselves most strongly to his mind, without reference to the possible flat contradiction which may be forthcoming at the hands of the next contributor.”—*Literary World*.

“ ‘The Social Science Series’ aims at the illustration of all sides of social and economic truth and error.”—*Scotsman*.

SWAN SONNENSCHN & CO., LONDON.

SOCIAL SCIENCE SERIES.

SCARLET CLOTH, EACH 2s. 6d.

1. **Work and Wages.** Prof. J. E. THOROLD ROGERS.
"Nothing that Professor Rogers writes can fail to be of interest to thoughtful people."—*Athenæum*.
2. **Civilisation: its Cause and Cure.** EDWARD CARPENTER.
"No passing piece of polemics, but a permanent possession."—*Scottish Review*.
3. **Quintessence of Socialism.** DR. SCHÄFFLE.
"Precisely the manual needed. Brief, lucid, fair and wise."—*British Weekly*.
4. **Darwinism and Politics.** D. G. RITCHIE, M.A. (Oxon.).
New Edition, with two additional Essays on HUMAN EVOLUTION.
"One of the most suggestive books we have met with."—*Literary World*.
5. **Religion of Socialism.** E. BELFORT BAX.
6. **Ethics of Socialism.** E. BELFORT BAX.
"Mr. Bax is by far the ablest of the English exponents of Socialism."—*Westminster Review*.
7. **The Drink Question.** DR. KATE MITCHELL.
"Plenty of interesting matter for reflection."—*Graphic*.
8. **Promotion of General Happiness.** Prof. M. MACMILLAN.
"A reasoned account of the most advanced and most enlightened utilitarian doctrine in a clear and readable form."—*Scotsman*.
9. **England's Ideal, &c.** EDWARD CARPENTER.
"The literary power is unmistakable, their freshness of style, their humour, and their enthusiasm."—*Pall Mall Gazette*.
10. **Socialism in England.** SIDNEY WEBB, LL.B.
"The best general view of the subject from the modern Socialist side."—*Athenæum*.
11. **Prince Bismarck and State Socialism.** W. H. DAWSON.
"A succinct, well-digested review of German social and economic legislation since 1870."—*Saturday Review*.
12. **Godwin's Political Justice (On Property).** Edited by H. S. SALT.
"Shows Godwin at his best; with an interesting and informing introduction."—*Glasgow Herald*.
13. **The Story of the French Revolution.** E. BELFORT BAX.
"A trustworthy outline."—*Scotsman*.
14. **The Co-Operative Commonwealth.** LAURENCE GRONLUND.
"An independent exposition of the Socialism of the Marx school."—*Contemporary Review*.
15. **Essays and Addresses.** BERNARD BOSANQUET, M.A. (Oxon.).
"Ought to be in the hands of every student of the Nineteenth Century spirit."—*Echo*.
"No one can complain of not being able to understand what Mr. Bosanquet means."—*Pall Mall Gazette*.
16. **Charity Organisation.** C. S. LOCH, Secretary to Charity Organisation Society.
"A perfect little manual."—*Athenæum*.
"Deserves a wide circulation."—*Scotsman*.
17. **Thoreau's Anti-Slavery and Reform Papers.** Edited by H. S. SALT.
"An interesting collection of essays."—*Literary World*.
18. **Self-Help a Hundred Years Ago.** G. J. HOLYOAKE.
"Will be studied with much benefit by all who are interested in the amelioration of the condition of the poor."—*Morning Post*.
19. **The New York State Reformatory at Elmira.** ALEXANDER WINTER.
With Preface by HAVELOCK ELLIS.
"A valuable contribution to the literature of penology."—*Black and White*.

SOCIAL SCIENCE SERIES—(Continued).

20. **Common Sense about Women.** T. W. HIGGINSON.
 "An admirable collection of papers, advocating in the most liberal spirit the emancipation of women."—*Woman's Herald*.
21. **The Unearned Increment.** W. H. DAWSON.
 "A concise but comprehensive volume."—*Echo*.
22. **Our Destiny.** LAURENCE GRONLUND.
 "A very vigorous little book, dealing with the influence of Socialism on morals and religion."—*Daily Chronicle*.
23. **The Working-Class Movement in America.** Dr. EDWARD and E. MARX AVELING.
 "Will give a good idea of the condition of the working classes in America, and of the various organisations which they have formed."—*Scots Leader*.
24. **Luxury.** Prof. EMILE DE LAVELEYE.
 "An eloquent plea on moral and economical grounds for simplicity of life."—*Academy*.
25. **The Land and the Labourers.** Rev. C. W. STUBBS, M.A.
 "This admirable book should be circulated in every village in the country."—*Manchester Guardian*.
26. **The Evolution of Property.** PAUL LAFARGUE.
 "Will prove interesting and profitable to all students of economic history."—*Scotsman*.
27. **Crime and its Causes.** W. DOUGLAS MORRISON.
 "Can hardly fail to suggest to all readers several new and pregnant reflections on the subject."—*Anti-Jacobin*.
28. **Principles of State Interference.** D. G. RITCHIE, M.A.
 "An interesting contribution to the controversy on the functions of the State."—*Glasgow Herald*.
29. **German Socialism and F. Lassalle.** W. H. DAWSON.
 "As a biographical history of German Socialistic movements during this century it may be accepted as complete."—*British Weekly*.
30. **The Purse and the Conscience.** H. M. THOMPSON, B.A. (Cantab.).
 "Shows common sense and fairness in his arguments."—*Scotsman*.
31. **Origin of Property in Land.** FUSTEL DE COULANGES. Edited, with an Introductory Chapter on the English Manor, by Prof. W. J. ASHLEY, M.A.
 "His views are clearly stated, and are worth reading."—*Saturday Review*.
32. **The English Republic.** W. J. LINTON. Edited by KINETON PARKES.
 "Characterised by that vigorous intellectuality which has marked his long life of literary and artistic activity."—*Glasgow Herald*.
33. **The Co-Operative Movement.** BEATRICE POTTER.
 "Without doubt the ablest and most philosophical analysis of the Co-Operative Movement which has yet been produced."—*Speaker*.
34. **Neighbourhood Guilds.** Dr. STANTON COIT.
 "A most suggestive little book to anyone interested in the social question."—*Pall Mall Gazette*.
35. **Modern Humanists.** J. M. ROBERTSON.
 "Mr. Robertson's style is excellent—nay, even brilliant—and his purely literary criticisms bear the mark of much acumen."—*Times*.
36. **Outlooks from the New Standpoint.** E. BELFORT BAX.
 "Mr. Bax is a very acute and accomplished student of history and economics."—*Daily Chronicle*.
37. **Distributing Co-Operative Societies.** Dr. LUIGI PIZZAMIGLIO. Edited by F. J. SNELL.
 "Dr. Pizzamiglio has gathered together and grouped a wide array of facts and statistics, and they speak for themselves."—*Speaker*.
38. **Collectivism and Socialism.** By A. NACQUET. Edited by W. HEAFORD.
 "An admirable criticism by a well-known French politician of the New Socialism of Marx and Lassalle."—*Daily Chronicle*.

SOCIAL SCIENCE SERIES—(Continued).

39. **The London Programme.** SIDNEY WEBB, LL.B.
 "Brinful of excellent ideas."—*Anti-Jacobin*.
40. **The Modern State.** PAUL LEROY BEAULIEU.
 "A most interesting book; well worth a place in the library of every social inquirer."—*N. B. Economist*.
41. **The Condition of Labour.** HENRY GEORGE.
 "Written with striking ability, and sure to attract attention."—*Newcastle Chronicle*.
42. **The Revolutionary Spirit preceding the French Revolution.** FELIX ROCQUAIN. With a Preface by Professor HUXLEY.
 "The student of the French Revolution will find in it an excellent introduction to the study of that catastrophe."—*Scotsman*.
43. **The Student's Marx.** EDWARD AVELING, D.Sc.
 "One of the most practically useful of any in the Series."—*Glasgow Herald*.
44. **A Short History of Parliament.** B. C. SKOTTOWE, M.A. (Oxon.).
 "Deals very carefully and completely with this side of constitutional history."—*Spectator*.
45. **Poverty: Its Genesis and Edoxus.** J. G. GODARD.
 "He states the problems with great force and clearness."—*N. B. Economist*.
46. **The Trade Policy of Imperial Federation.** MAURICE H. HERVEY.
 "An interesting contribution to the discussion."—*Publishers' Circular*.
47. **The Dawn of Radicalism.** J. BOWLES DALY, LL.D.
 "Forms an admirable picture of an epoch more pregnant, perhaps, with political instruction than any other in the world's history."—*Daily Telegraph*.
48. **The Destitute Alien in Great Britain.** ARNOLD WHITE; MONTAGUE CRANK-THORPE, Q.C.; W. A. M'ARTHUR, M.P.; W. H. WILKINS, &c.
 "Much valuable information concerning a burning question of the day."—*Times*.
49. **Illegitimacy and the Influence of Seasons on Conduct.** ALBERT LEFFINGWELL, M.D.
 "We have not often seen a work based on statistics which is more continuously interesting."—*Westminster Review*.
50. **Commercial Panics of the Nineteenth Century.** H. M. HYNDMAN.
 "One of the best and most permanently useful volumes of the Series."—*Literary Opinion*.
51. **The State and Pensions in Old Age.** J. A. SPENDER and ARTHUR ACLAND, M.P.
 "A careful and cautious examination of the question."—*Times*.
52. **The Fallacy of Saving.** JOHN M. ROBERTSON.
 "A plea for the reorganisation of our social and industrial system."—*Speaker*.
53. **The Irish Peasant.** ANON.
 "A real contribution to the Irish Problem by a close, patient and dispassionate investigator."—*Daily Chronicle*.
54. **The Effects of Machinery on Wages.** Prof. J. S. NICHOLSON.
 "Able reasoned, clearly stated, impartially written."—*Literary World*.
55. **The Social Horizon.** ANON.
 "A really admirable little book, bright, clear, and unconventional."—*Daily Chronicle*.
56. **Socialism, Utopian and Scientific.** F. ENGELS.
 "The body of the book is still fresh and striking."—*Daily Chronicle*.
57. **Land Nationalisation.** A. R. WALLACE.

DOUBLE VOLUMES, Each 3s. 6d.

1. **Life of Robert Owen.** LLOYD JONES.
 "A worthy record of a life of noble activities."—*Manchester Examiner*.
 "Will be of real value to co-operators, by giving them an insight into the work of one of the most enthusiastic and single-minded of our English Social Reformers."—*Economic Review*.
2. **The Impossibility of Social Democracy: a Second Part of "The Quintessence of Socialism".** DR. A. SCHÄFFLE.
 "His chief merit consists in seeing that Social Democracy can be best met not by measures of repression but by a constructive policy of social reform."—*Spectator*.
3. **The Condition of the Working Class in England in 1844.** FREDERICK ENGELS.
 "An interesting medium through which to judge of the progress made during nearly half-a-century."—*Pub. Circular*.
4. **The Principles of Social Economy.** YVES GUYOT.
 "An interesting and suggestive work. It is a profound treatise on social economy, and an invaluable collection of facts."—*Spectator*.

So S
B6495e

111251

Author Blissard, William

Title The ethic of usury and interest.

DATE. NAME OF BORROWER.

University of Toronto
Library

DO NOT
REMOVE
THE
CARD
FROM
THIS
POCKET

Acme Library Card Pocket
LOWE-MARTIN CO. LIMITED

